



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

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WILLIAM T FUJIOKA  
Chief Executive Officer

June 28, 2011

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

22 JUNE 28, 2011

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

**APPROVAL TO EXTEND THE CURRENT CONTRACT TERM  
FOR ADMINISTRATIVE SERVICES FOR CAFETERIA AND NON-CAFETERIA  
BENEFIT PLANS AND TO ADD A WEB-BASED COUNTYWIDE ABSENCE  
MANAGEMENT SYSTEM  
(ALL DISTRICTS) (3 VOTES)**

**CIO RECOMMENDATION: APPROVE ( X ) APPROVE WITH MODIFICATION ( )  
DISAPPROVE ( )**

**SUBJECT**

The Department of Human Resources (DHR) currently contracts with Affiliated Computer Services, Inc., and its wholly owned subsidiary, Buck Consultants, LLC (ACS/Buck) to provide administrative services for cafeteria and non-cafeteria benefit plans (administrative services). This Board letter requests amending and restating the existing contract to: 1) add a new web-based countywide absence management system; and 2) extend the contract through December 31, 2016.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve the attached amended and restated contract (Contract) with ACS/Buck, effective upon Board approval, for administrative services and an absence management system to:

*"To Enrich Lives Through Effective And Caring Service"*

**Please Conserve Paper – This Document and Copies are Two-Sided  
Intra-County Correspondence Sent Electronically Only**

- a. Add an absence management system that allows for the implementation of a countywide web-based absence management system, with total fees not to exceed \$2,250,000 through December 31, 2016; and
- b. Extend the current Board authorized contract term end date for administrative services for three additional years, from December 31, 2013 through December 31, 2016, with total fees for the additional three-year term not to exceed \$13,830,000. The costs are financed by administrative fees paid by employees participating in the plans and through billings to County departments.

2. Instruct the Mayor to sign the Contract.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The recommended action will allow ACS/Buck to: 1) provide the County with a new web-based countywide absence management system to allow for better management of employees on leave; and 2) continue to provide administrative services for approximately 100,000 employees and their dependents (for a total of approximately 225,000 individual records).

Your Board has identified that timely and appropriate management of County employees' use of leave was a priority for departments. The failure of departments to manage their individual leave programs has resulted in high dollar settlements of lawsuits and inefficient management of employees on leave. The current manual entry system requires extensive oversight to be effective.

The following are reasons to amend the existing administrative services contract with ACS/Buck to include the new web-based countywide absence management system and extend the term for three additional years.

#### **Enhanced management of employees on leave**

The absence management system will allow administrator access to countywide data on employees' use of leave through the existing ACS/Buck system web portal in order to identify those aspects of the leave program requiring attention and resolution. The rules based system will identify the applicable leaves available based on the employee's employment status and the reason for leave. Regulatory and County policies are utilized to build the rules. The system creates an audit trail of all activities performed by County administrators in the management of the leave including all correspondence. Further, the system's reporting tool provides individual department and aggregate reporting. The web-based system will provide management with easy access to the most current

federal and State laws and County policies governing employees' use of leave. The ongoing system access and customized dashboard reporting will promote accountability in leave management.

No increase in per unit pricing

ACS/Buck has agreed to extend the term for the administrative services contract for three years without any increase in the current per unit pricing rates. The current contract is paid on a per unit basis, based on actual employee benefit enrollment count, with a 3% annual cap. If the employee count and volume of transactions exceed 3% annually, ACS/Buck cannot charge more than the contract amount. If the employee count decreases over the term of the contract, the amount paid to ACS/Buck will decrease on a dollar-for-dollar basis. This provision continues with the recommended Contract.

Cost savings by running dual systems in tandem under a single contract

Because the existing system interfaces with the proposed absence management system, the County would not incur the costs of creating a data exchange process or a separate system interface. ACS/Buck currently receives daily electronic updates for all County employees through a secure data exchange that allows it to update the employee benefits database. ACS/Buck can leverage this existing process when implementing the absence management system.

Minimal learning curve

Because ACS/Buck currently maintains the business rules for the County's four complex cafeteria benefit plans and transmits intricate pay codes to the County's payroll system, it will have a minimal learning curve as to the complexities of the County's system. This will minimize opportunities for error. ACS/Buck currently receives daily electronic records from the Auditor-Controller systems with demographic information for all County employees, and sends electronic feeds to the County payroll system through a secure data exchange. This data exchange has been effective and secure over the last eight years. Employee records for leave processing will be fed electronically to the ACS/Buck system using the existing data feeds. A new vendor unfamiliar with the County's system would require an extensive amount of time to create and test data exchanges for a new system. ACS/Buck has proven that it has the capability and capacity to support the County's benefits enrollment system, which allows for a more efficient implementation of an absence management system.

#### Reduction in legal exposure and litigation costs

Failure by departments to manage their individual leave programs has resulted in the County paying high dollar settlements of lawsuits. The Chief Executive Office (CEO) Risk Management Division estimates that during the last three fiscal years over \$6.0 million was paid on litigation for "failure to accommodate" employees on leave. The absence management system will allow the County to identify areas in the leave management program that require immediate action and resolution. Alerting administrators and management to problems, such as expired medical certifications and accommodation requirements on a timely basis, will greatly increase compliance with federal and State law and reduce lawsuits.

#### Increase in productivity

Timely and appropriate management of the County's leave programs will reduce productivity losses caused by errors in administering employees' extended absences, and increase accountability for employees returning to work in all County departments.

#### Industry best practice

According to Mercer's 2006 Survey Report of Health Productivity and Absence Management Programs, unscheduled absences consume over 4% of the average payroll. Mercer states that employers moving from unmanaged administration of employees on leave to a managed model system can expect a 2:1 to 3:1 return on investment. Savings are achieved in the following areas: consistent administration, less time spent on processing absences, and the reduction of the duration of absences, which results in less direct expense and minimizing the cost of overtime paid to employees covering the workload of those on leave. Additionally, the County can expect a more productive and accountable workforce.

#### Reporting package

ACS/Buck will develop a strategic reporting package with metrics tracking the performance of the County's leave program under the absence management system. ACS/Buck will compare the performance of the County's program to best practices and identify program improvements that will assist the County in addressing its strategic objectives.



### **Implementation of Strategic Plan Goals**

The recommended actions support the County's Strategic Plan, Goal 1: Operational Effectiveness by (a) streamlining countywide operations and processes (specifically, the absence management system will assist the County in managing the County's leave programs); (b) implementing a cost-effective, reliable, and accessible countywide web-based system to improve and streamline the management of employees on leave; and (c) promoting the well-being of employees and their families by administering comprehensive employee benefits.

### **FISCAL IMPACT/FINANCING**

The Maximum Contract Sum for administrative services and the absence management system from July 1, 2011 to December 31, 2016, will not exceed \$25,944,000. This includes \$2,250,000 for the absence management system, \$13,830,000 for the extended contract term for administrative services, and \$9,864,000 that was previously approved by your Board for administrative services for the remainder of 2011 through 2013. The Maximum Contract Sum from the original effective date of August 1, 2003 through December 31, 2016, will not exceed \$49,023,900.

The costs for administrative services are partly offset by administrative fees paid by participating employees through payroll deduction. The remaining costs are offset by billings to County departments. Funding for this Contract is included in the FY 2011-12 Budget and funding for future fiscal years will be requested in future-year budgets.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

ACS/Buck (formerly Mellon/Buck) was selected as the highest rated bidder in a Request for Proposal process and your Board approved the original contract for administrative services on August 12, 2003. Your Board approved subsequent amendments to the contract between December 2003 and March 2011, which included extending the contract term through December 31, 2011, with two one-year option extensions through December 31, 2013. The first year optional extension was exercised on December 22, 2010, and extended the contract term through December 31, 2012. The Contract, if approved by your Board, will include the new web-based countywide absence management system, and will extend the contract term through December 31, 2016.

In addition to adding the absence management system and extending the term, the Contract amends and restates the original contract approved by the Board on August 12, 2003. Provisions which were previously negotiated were not renegotiated.

The Contract has been approved as to form by County Counsel. For certain contracts that involve information technology, outside counsel was retained to assist in contract drafting and negotiation. For this Contract, as with the original contract for administrative services approved by your Board on August 12, 2003, the law firm of Sidley Austin, LLP was retained.

The Contractor is in compliance with all Board, CEO, and County Counsel requirements. The County's Chief Information Office (CIO) concurs with DHR's recommendation (CIO Analysis - Attachment A). CEO Risk Management has reviewed and approved the insurance, indemnification, and limitation of liability provisions.

### **CONTRACTING PROCESS**

In accordance with your Board's contracting policy requirements for sole source contracts, DHR notified your Board on December 3, 2010, of its intent to enter into sole source agreement negotiations with ACS/Buck for the implementation of a web-based countywide absence management system. Due to the urgency of this project and the intent to extend the contract with ACS/Buck, DHR notified our Office on March 25, 2011, that the most expeditious process to finalize the contract documents with ACS/Buck would be to recommend that the existing contract with ACS/Buck for administrative services be extended and amended to include the absence management system.

Attached is a sole source contract checklist (Attachment B), approved by our Office, which describes in detail the justification for contracting with ACS/Buck for the absence management system.

On April 7, 2011, DHR notified your Board of its intent to extend the current ACS/Buck contract term for administrative services and amend the contract to include the new absence management system.

DHR has evaluated and determined that the Living Wage Program (County Code Chapter 2.201) does not apply to the recommended Contract.

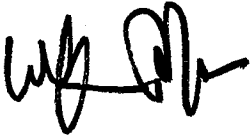
### **IMPACT ON CURRENT SERVICES**

Board approval of the recommended actions will allow ACS/Buck to implement an absence management system that will provide countywide data on employees' use of leave and allow for better management of the program. In addition, ACS/Buck will continue to provide administrative services with highly accurate and timely recordkeeping for its cafeteria and non-cafeteria benefit plans.

**CONCLUSION**

Upon approval and execution of the Contract, the Executive Officer, Board of Supervisors, is requested to return one adopted stamped Board letter and four signed originals of the Contract to DHR. It is requested that the Executive Officer notify the DHR's Employee Benefits Division at (213) 738-2192 when the documents are available.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

Reviewed by:



RICHARD SANCHEZ  
Chief Information Officer

WTF:EFS:  
RS:cg

**Attachments**

c: Executive Office, Board of Supervisors  
Auditor-Controller  
Chief Information Office  
County Counsel  
Human Resources

## CIO ANALYSIS

### APPROVAL TO EXTEND THE CURRENT CONTRACT TERM FOR ADMINISTRATIVE SERVICES FOR CAFETERIA AND NON-CAFETERIA BENEFIT PLANS AND TO ADD A WEB-BASED COUNTYWIDE ABSENCE MANAGEMENT SYSTEM

**CIO RECOMMENDATION:**    ☒ **APPROVE**                      ☐ **APPROVE WITH MODIFICATION**  
    ☐ **DISAPPROVE**

**Contract Type:**

☐ **New Contract**                      ☒ **Contract Amendment**                      ☐ **Contract Extension**  
☒ **Sole Source Contract**                      ☐ **Hardware Acquisition**                      ☐ **Other**

**New/Revised Contract Term:**    **Base Term:**   5 1/2   Yrs    **# of Option Yrs:**   0   \_\_\_\_

**Contract Components:**

☒ **Software**                                      ☒ **Hardware**                                      ☐ **Telecommunications**  
☒ **Professional Services**

**Project Executive Sponsor:** Lisa M. Garrett, Director of Personnel

**Budget Information :**

Base Contract Amount	\$23,079,900
Requested Contract Amount	\$25,944,000
Aggregate Contract Amount	\$49,023,900

**Project Background:**

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved. It is an enterprise solution for all County departments.

**Strategic Alignment:**

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan? Operational Effectiveness (Goal 1) for Fiscal Sustainability (Strategy 1), Service Excellence and Organizational Effectiveness (Strategy 2), and Information Technology (Strategy 5).
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document? It will leverage enterprise architectures to achieve County business objectives through effective and efficient use of technologies.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards? It utilizes a web-based interface and runs on Windows virtual servers.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS).

**Project/Contract Description:**

The Department of Human Resources (DHR) is requesting approval to amend and restate Contract No. 74576 with Affiliated Computer Services, Inc. and Buck Consultants, LLC (ACS/Buck). This change will:

- Add a web-based countywide absence management system; and
- Extend the contract term for third party administrative services of County benefit plans due to expire in December 2013 for three additional years through December 2016.

This request is for an additional \$25,944,000, bringing the estimated total maximum Contract sum to \$49,023,900.

**Background:**

The Board identified improved management of employee leave as County priority in response to failures by individual departments to timely and appropriately manage their leave programs. DHR, in conjunction with our Office, County Counsel, and CEO Risk Management, recommend acquiring a web-based absence management system to provide County department access to timely, accurate, and consistent information related to employees' use of leave.

In December 2010, DHR notified the Board of their intent to negotiate a sole source contract with ACS/Buck for a web-based absence management system. Currently, the County contracts with ACS/Buck to provide third party administration for its four cafeteria benefit plans and multiple non-cafeteria benefit programs for approximately 100,000 employees and their dependents. This includes web and telephone benefit enrollments, changes in enrollment resulting from life events, billing and accounting systems, electronic data imaging of supporting documents, COBRA notification, and Flexible Spending Account (FSA) administration.

It was determined that the most cost-effective approach was to amend the current contract with ACS/Buck instead of creating a second contract solely for the absence management system. The current Contract for benefits enrollment, with up to 2.5 years remaining, was extended by three years to be coterminous with the five-year term of the absence management system after a six-month implementation period. Contract negotiations began in January 2011 and were completed in May 2011.

**Project Justification/Benefits:**

For all potentially new administrative systems in the County, the first step is to see if the requirements can be met by the County's eCAPS/eHR system suite. Absence management functionality is not included in the system and there are no plans to have this functionality in the near future.

The ACS/Buck Absence Management solution has been available for four years and consists of LeaveLink software provided by Absentys and application hosting provided by Windstream with the overall package configured and managed by ACS/Buck. This is considered a Software as a Service (SaaS) application very similar to the online job application module used by eHR.

Due to the critical need for this system, selecting SaaS application will significantly reduce the development and implementation time needed and make it quickly available to County departments. The County is in the final months of a major implementation of the personnel administration module for the enterprise HR system, putting a constraint on the resources that could have worked on this system if developed in-house. The existing interface from the County's Personnel system to ACS/Buck will also be leveraged to reduce the deployment time.

The system functionality already includes all the relevant State and Federal rules and guidelines which are kept up to date by the vendor. The relevant regulations and County policies for our employees will be configured into the system during the six-month implementation period. The knowledge of County business rules and practices maintained by ACS/Buck for the benefits plan reduces the learning curve and will allow the system to be implemented very quickly.

**Project Metrics:**

The Contract contains Service Level Agreements (SLAs) and Performance Requirements Summary (PRS) for continued service, including ongoing monitoring and inspection. These include uninterrupted Interactive Voice Response (IVR), web systems, adequate system capacity, and distribution of forms/notifications/confirmations during the annual enrollment period.

Both the SLAs and PRS were expanded to include the new absence management system and include credits for non-compliance and late delivery of services.

**Alternatives Considered:**

No alternatives were considered for the reasons discussed above. DHR has found ACS/Buck to be a highly responsive vendor. ACS/Buck has successfully met the County's daily needs of benefits administration and has performed exceptionally well during annual enrollment. In addition, ACS/Buck has been quick to execute design modifications needed to implement new benefits when necessary.

**Project Risks:**

Project risks are minimal. ACS/Buck has met the County's varied and evolving daily needs of benefits administration and has performed exceptionally well during annual enrollment without problems. Moreover, ACS/Buck's experience with current County practices, business rules, and existing processes will be leveraged for the implementation of the new absence management system.

The Chief Information Security Officer (CISO) has reviewed the Contract and did not identify any security risks or issues.

**Risk Mitigation Measures:**

The DHR project team is developing plans to mitigate project risks through executive sponsorship, stable project staffing, performance and data validation, clear roles and responsibilities, and well-defined objectives.

**Financial Analysis:**

The proposed Amendment is for maximum amount of \$25,944,000 (see Table on the next page). This includes:

- Five year cost for absence management solution totaling \$2,250,000 (\$585,000 in implementation costs amortized over five years for an annual cost of \$117,000, plus yearly maintenance fees of \$333,000);
- Funding for three additional years of benefits administration services totaling \$13,830,000; and
- Funding in amount of \$9,864,000 that was previously approved by the Board for administrative services for the remainder of 2011 through 2013.

The three-year extension for the benefits plan is at the current pricing with no fee increases. The proposed amounts for FY2012-2016 below represent the maximum yearly amount which is capped at 3% for increases in the number of employees and another 3% for the contract COLA.

CIO Analysis – A-C Approve CCM Software and Implementation Services  
Page 5 of 5

Description	Benefits Plan Administration	Absence Management	Total
2011 (7/1-12/30)	\$ 1,900,000	\$ 0	\$1,900,000
Calendar 2012	3,866,000	450,000	4,316,000
Calendar 2013	4,098,000	450,000	4,548,000
Calendar 2014	4,344,000	450,000	4,794,000
Calendar 2015	4,605,000	450,000	5,055,000
Calendar 2016	\$ 4,881,000	450,000	5,331,000
<b>Total</b>	<b>\$ 23,694,000</b>	<b>\$ 2,250,000</b>	<b>\$25,944,000</b>

The costs for cafeteria and non-cafeteria plans' administrative services are partly offset by administrative fees paid by employees participating in the plans. Employees pay these fees through payroll deduction. The remaining costs, including the entire cost of the absence management system, are billed to County departments. Funding for this contract will be included in the FY2011-2012 Proposed Budget and funding for future years will be requested in future year budgets.

**CIO Concerns:**

None.

**Recommendations:**

This project addresses a critical County need for management of employee absences and use of leave. My Office supports this action and recommends approval by the Board.

**CIO APPROVAL**

Date Received: May 25, 2011

Prepared by: Tom Travis

Date: June 15, 2011

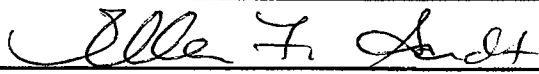
Approved: 

Date: 6/16/2011



Check (✓)	<b>JUSTIFICATION FOR SOLE SOURCE CONTRACTS</b>  <i>Identify applicable justification and provide documentation for each checked item.</i>
	<ul style="list-style-type: none"> <li>➤ Only one bona fide source for the service exists; performance and price competition are not available.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Quick action is required (emergency situation).</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Proposals have been solicited but no satisfactory proposals were received.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Maintenance service agreements exist on equipment which must be serviced by the authorized manufacturer's service representatives.</li> </ul>
✓	<ul style="list-style-type: none"> <li>➤ It is more cost-effective to obtain services by exercising an option under an existing contract.</li> </ul> <p>ACS/Buck has an existing contract with the County for administrative services for cafeteria and non cafeteria benefit plans. The contract will be amended to add the absence management system that allows for the implementation of a countywide, web-based absence management system to allow departments to access timely and accurate information and better manage their employee's use of leave. As there is an existing contract with ACS/Buck, which will be amended, the main terms and conditions of the contract will not need to be renegotiated.</p> <p>The existing ACS/Buck contract, entered into on August 12, 2003, has a term ending December 31, 2011, with two additional one year optional extensions. The optional extension for calendar year 2012 has already been exercised.</p> <p>The contract term for the absence management system is for five years following implementation. The existing ACS/Buck contract will be amended to extend the term for three additional years to coincide with the contract term for the absence management system, and the contract term for both systems will extend to December 31, 2016. The administrative costs of the cafeteria and non cafeteria benefit plans system, and the absence management system, provided by a single contractor under one combined contract, with coinciding terms, will thereby be significantly reduced.</p>
✓	<ul style="list-style-type: none"> <li>➤ It is in the best interest of the County, e.g., administrative cost savings, excessive learning curve for a new service provider, etc.</li> </ul> <p>The ACS/Buck contract will provide for the implementation of a countywide, web-based absence management system to allow departments to access timely and accurate information and better manage their employees' use of</p>

Check (✓)	<b>JUSTIFICATION FOR SOLE SOURCE CONTRACTS</b> <i>Identify applicable justification and provide documentation for each checked item.</i>
	<p>leave.</p> <p>ACS/Buck is the selected solution for this system implementation for reasons that include:</p> <ol style="list-style-type: none"> <li>1. Because ACS/Buck has a current contract with the County for employee benefits administration, the County will not incur costs to recreate an existing data exchange process or need to create a separate system interface. Additional County resources are not required to identify, test, and maintain the daily electronic updates in the system. This data exchange has been successfully in place over the last five years and proven to be secure.</li> </ol> <p>ACS/Buck currently receives daily electronic updates for all County employees through a secure data exchange that allows ACS/Buck to update the employee benefit database. They can leverage this existing process when implementing the absence management system</p> <ol style="list-style-type: none"> <li>2. ACS/Buck will have a minimal learning curve about the County system complexities as they currently maintain the business rules for the departments, cafeteria plans and county pay codes. They have a proven track record for capability and capacity to support the County system which allows for a more expeditious implementation of an absence management system.</li> </ol> <p>ACS/Buck feeds to the County payroll system through a secure data exchange reflecting the correct County pay codes, departments and employees. Changes in the employee record will be fed from ACS/Buck to the County reflecting population-based business rules already documented by ACS/Buck. ACS/Buck will update the business rules for the leave policies for each of these populations.</p> <ol style="list-style-type: none"> <li>3. County will not incur costs to set up or have additional maintenance work to support administrator access to the leave system for the County departments.</li> </ol> <p>Once implemented, the absence management system will be easily accessible to County staff through the existing benefits portal. ACS/Buck will be able to leverage the existing rules that define administrator access to the system.</p> <ol style="list-style-type: none"> <li>4. County will not be required to coordinate data records and program updates across different vendors which will minimize inconsistencies in</li> </ol>

Check (✓)	<b>JUSTIFICATION FOR SOLE SOURCE CONTRACTS</b> <i>Identify applicable justification and provide documentation for each checked item.</i>
	<p>data records.</p> <p>5. As part of its overall integrated product offering, Buck/ACS partners with Absentys which provides the software product LeaveLink and its hosting partner Windstream. County will be able to implement the data system faster by leveraging the existing interface that ACS/Buck has with its partners. In addition, a software selection is faster without a bid since County can leverage the existing computing platform from software-as-a-service provider Absentys instead of needing to build a new one.</p> <p>6. County will not incur cost or have a need to invest time and resources to go through a solicitation and review process.</p>
	<p>➤ <b>Other reason. Please explain:</b></p>
 <b>Deputy Chief Executive Officer, CEO</b>	<p>3/29/11</p> <b>Date</b>

**AMENDED AND RESTATED CONTRACT FOR  
ADMINISTRATIVE SERVICES  
FOR CAFETERIA AND NON-CAFETERIA  
BENEFIT PLANS  
AND  
ABSENCE MANAGEMENT SERVICES**



**BY AND BETWEEN**  
  
**THE COUNTY OF LOS ANGELES**  
  
**AND**  
  
**AFFILIATED COMPUTER SERVICES, INC.**  
**&**  
**BUCK CONSULTANTS, LLC**

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**AMENDED AND RESTATED CONTRACT FOR ADMINISTRATIVE SERVICES  
FOR CAFETERIA AND NON-CAFETERIA  
BENEFIT PLANS AND ABSENCE MANAGEMENT SERVICES**

**THIS AMENDED AND RESTATED CONTRACT** is made and entered into as of the Effective Date by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (hereinafter referred to as "COUNTY"), and Affiliated Computer Services, Inc., a Delaware corporation ("ACS"), together with its wholly owned subsidiary, Buck Consultants, LLC ("BUCK" and together jointly and severally with ACS hereinafter referred to as "CONTRACTOR") for administrative services for cafeteria and non-cafeteria benefit plans ("Benefit Plan Services") and employee absence management ("Absence Management Services").

**RECITALS**

**WHEREAS**, COUNTY and CONTRACTOR entered into that certain agreement dated August 12, 2003 for the provision of Benefit Plan Services ("2003 Contract");

**WHEREAS**, COUNTY and CONTRACTOR amended the 2003 Contract on December 16, 2003 to provide additional recordkeeping services ("Amendment One");

**WHEREAS**, COUNTY and CONTRACTOR amended the 2003 Contract on April 18, 2004 to comply with the Security Rule of the Health Insurance Portability and Accountability Act of 1996 ("Amendment Two");

**WHEREAS**, COUNTY and CONTRACTOR amended the 2003 Contract on February 5, 2007 to provide additional recordkeeping services ("Amendment Three");

**WHEREAS**, COUNTY and CONTRACTOR amended the 2003 Contract on May 6, 2008 to extend the Contract term through December 31, 2011 with the option to extend for two one-year periods through December 31, 2013 ("Amendment Four");

**WHEREAS**, COUNTY and CONTRACTOR amended the 2003 Contract on June 4, 2010 to comply with the requirements of the Health Information Technology for Economic and Clinical Health Act ("Amendment Five");

**WHEREAS**, COUNTY and CONTRACTOR amended the 2003 Contract on December 22, 2010 to exercise the option to extend the Contract term through December 31, 2012 ("Amendment Six");

**WHEREAS**, COUNTY and CONTRACTOR amended the 2003 Contract on March 16, 2011 to provide additional recordkeeping services ("Amendment Seven");

**WHEREAS**, the 2003 Contract together with Amendments One, Two, Three, Four, Five, Six, and Seven shall hereinafter be referred to as the "Benefits Plan Contract";

**WHEREAS**, COUNTY now desires to provide for a web-based absence management system to administer the leave and Return-To-Work programs it offers to eligible COUNTY employees;

**WHEREAS**, CONTRACTOR in its administration of Benefit Plan Services has demonstrated the capability and capacity to implement such Absence Management Services; and

**WHEREAS**, COUNTY and CONTRACTOR desire to enter into this Contract, to amend and restate in its entirety the Benefit Plan Contract and to include the Absence Management Services.

**NOW, THEREFORE**, in consideration of the mutual promises, covenants and conditions set forth herein, the parties agree as follows:

#### **1.0 APPLICABLE DOCUMENTS**

This base document, along with Exhibits A through I, as set forth below and attached hereto, are throughout and hereinafter collectively referred to as the "Contract." In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between this base document and the Exhibits, or between Exhibits, such conflict or inconsistency shall be resolved by giving precedence first to this base document, and then to the Exhibits, according to the following priority:

- |             |  |
|-------------|--|
| Exhibit A.1 | Statement of Work (Benefit Plan Services)  |
| Exhibit A.2 | Statement of Work (Absence Management Services)                                    |
| Exhibit B   | Fee Schedule   |
| Exhibit C.1 | Employee Acknowledgement, Confidentiality and Copyright Assignment Agreement       |
| Exhibit C.2 | Non-Employee Acknowledgement, Confidentiality and Copyright Assignment Agreement   |
| Exhibit D   | CONTRACTOR's EEO Certification   |
| Exhibit E   | Certification of Compliance with COUNTY's Defaulted Property Tax Reduction Program |
| Exhibit F   | COUNTY's Administration  |
| Exhibit G   | CONTRACTOR's Administration  |
| Exhibit H   | Jury Service Ordinance   |
| Exhibit I   | Safely Surrendered Baby Law  |

This Contract constitutes the complete and exclusive statement of understanding between the parties, and supersedes any and all previous agreements, whether written or oral, and all communications between the parties relating to the subject matter of this Contract. No change to this Contract shall be valid unless prepared pursuant to Paragraph 4.0 (Changes and Amendments), and signed by both parties.

## **2.0 DEFINITIONS**

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. The following terms and phrases in quotes and with initial letters capitalized shall have the following specific meaning when used in the Contract, as defined in this Paragraph 2.0, throughout and hereinafter:

- 2.1 "Absence Management Services" shall mean all tasks, deliverables, services and other work as set forth in the Statement of Work (Absent Management Services), attached hereto as Exhibit A.2 and as amended from time to time.
- 2.2 "Benefit Plan Services" shall mean all tasks, deliverables, services and other work as set forth in the Statement of Work (Benefit Plan Services), attached hereto as Exhibit A.1 and as amended from time to time.
- 2.3 "Board of Supervisors" shall mean the Board of Supervisors of the County of Los Angeles.
- 2.4 "Change Notice" has the meaning set forth in Paragraph 4.0 of this Contract.
- 2.5 "Contract" means this amended and restated agreement executed between COUNTY and CONTRACTOR. It sets forth the terms and conditions for the issuance and performance of the Benefit Plan Services and Absence Management Services.
- 2.6 "Contract Year" means, generally, calendar year under the Contract. The first contract year, however, begins on the Effective Date and continues until December 31, 2011. Each succeeding contract year begins the day after the day the preceding contract year ends and continues for the next twelve (12) months.
- 2.7 "Day" or "Days" shall mean calendar day(s), unless otherwise expressly stated.
- 2.8 "Department of Human Resources" or "DHR" is the County Department responsible for administering and monitoring this Contract.

- 2.9 "Director of Personnel" (DOP) shall mean the Director of the Department of Human Resources.
- 2.10 "Effective Date" means the date the Contract is executed by all parties and approved by the Board of Supervisors.
- 2.11 "Fiscal Year" shall mean the twelve (12) month period beginning July 1<sup>st</sup> and ending the following June 30<sup>th</sup>.
- 2.12 "Jury Service Program" has the meaning set forth in Paragraph 47.0 of this Contract.
- 2.13 "Maximum Contract Sum" shall have the meaning set forth in Paragraph 8.1.
- 2.14 "Security Guidelines" shall mean all applicable County information technology and information technology security policies included in Chapter 3 (including County policy 3.040) and Chapter 6 of COUNTY's Policy Manual, which can be accessed at <http://countypolicy.co.la.ca.us/>.
- 2.15 "Source Code" shall mean the computer programming code in human readable form that is not suitable for machine execution without the intervening steps of interpretation or compilation, including the tools and developer kits that created and that enable creation of such code.
- 2.16 "Total Services" shall mean collectively the Absent Management Services and the Benefit Plan Services.

### **3.0 WORK**

- 3.1 Pursuant to the provisions of this Contract, CONTRACTOR shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth in the Statement of Work (Benefit Plan Services) attached hereto as Exhibit A.1 and the Statement of Work (Absence Management Services) attached hereto as Exhibit A.2, and as each may be amended from time to time in accordance with Paragraph 4.0.
- 3.2 All such tasks, deliverables, services and other work required under this Contract, as set forth in Exhibit A.2 regarding the Absence Management Services, shall be approved in writing by COUNTY's Project Manager prior to any submission of an invoice or payment therefor. COUNTY's Project Manager shall endeavor to approve or disapprove, or request from CONTRACTOR supplemental information, in accordance with the timelines set forth in Exhibit A.2, which unless specified therein shall not

be longer than fifteen (15) days. Any disapproval shall include reasonable detail regarding necessary corrective action.

- 3.3 CONTRACTOR agrees that the performance of work and services pursuant to the requirements of this Contract shall conform to high professional standards as exist in CONTRACTOR's profession or field of practice.

#### **4.0 CHANGES AND AMENDMENTS**

- 4.1 COUNTY reserves the right to initiate change to any portion of the work required under this Contract and to any other provisions of this Contract. All such changes shall be accomplished only as provided in this Paragraph 4.0.

- 4.2 For any change which does not affect the scope of work, term, Contract Payment, or any term or condition included under this Contract, a Change Notice shall be prepared and executed by COUNTY's Contract Administrator (CCA) and CONTRACTOR; except that:

4.2.1 Subject to Paragraph 4.3, DOP is expressly authorized to change the specific conditions as set forth in Exhibit A.1 and Exhibit A.2, via Change Notice.

- 4.3 The Board of Supervisors or Chief Executive Officer ("CEO") or designee may require the addition and/or change of certain terms and conditions in the Contract during the term of this Contract, provided such terms and conditions are applied to Contracts of similar nature within County. COUNTY reserves the right to add and/or change such provisions as required by the Board of Supervisors or CEO. To implement such orders, an amendment to the Contract shall be prepared and executed by CONTRACTOR and by DOP.

- 4.4 Except as elsewhere specified in this Contract, for any change which affects the scope of work, period of performance, Contract sum, or any condition or obligation of this Contract, a negotiated written Amendment to this Contract shall be prepared and executed by the Board of Supervisors and CONTRACTOR's authorized representative.

#### **5.0 ADMINISTRATION OF CONTRACT – COUNTY**

A listing of all COUNTY Administration referenced in the following Subparagraphs are designated in Exhibit F (COUNTY's Administration). COUNTY shall notify CONTRACTOR in writing of any change in the names or addresses shown.

## **5.1 COUNTY's Contract Administrator**

5.1.1 The Director of Personnel ("DOP"), or his/her designee, referred to as COUNTY Contract Administrator ("CCA"), shall have full authority to administer this Contract on behalf of COUNTY. The CCA shall be responsible for ensuring that the objectives of this Contract are met and determining CONTRACTOR's compliance with the Contract. CCA, or his/her designee, shall interface with the Contract Manager representing CONTRACTOR, and is authorized to make changes in the terms and conditions of this Contract only in accordance with Paragraph 4.0 of this Contract. CCA shall provide overall direction and coordination of the Contract. CCA shall also provide information to CONTRACTOR in areas relating to policy, program information and procedural requirements.

## **5.2 COUNTY's Project Manager**

The responsibilities of COUNTY's Project Manager include:

5.2.1 Meeting with CONTRACTOR's Project Manager on a regular basis; and

5.2.2 Inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of CONTRACTOR.

COUNTY's Project Manager is not authorized to make any changes in any of the terms and conditions of this Contract and is not authorized to further obligate COUNTY in any respect whatsoever.

## **6.0 ADMINISTRATION OF CONTRACT – CONTRACTOR**

A listing of all CONTRACTOR Administration referenced in the following Subparagraphs are designated in Exhibit G (CONTRACTOR's Administration). CONTRACTOR shall inform DHR in writing of the names, addresses, and telephone numbers of the individuals designated to act as Contract Manager and alternate at the time the Contract is implemented and as changes occur during the term of the Contract.

### **6.1 CONTRACTOR's Contract Manager**

CONTRACTOR's Contract Manager is a full-time employee of CONTRACTOR, who shall have full authority to act on behalf of CONTRACTOR in all matters relating to the daily operation of this Contract, including the execution of amendments to the Contract made pursuant to Paragraph 4.0. CONTRACTOR's Contract Manager shall be

available on a daily basis to meet with DHR personnel regarding the operation of the Contract. COUNTY must have telephone access to CONTRACTOR's Contract Manager, or such person's designee, who shall be a staff member designated on Exhibit G (CONTRACTOR's Administration), all hours, 365 days per year.

## **6.2 CONTRACTOR's Project Manager**

CONTRACTOR's Project Manager shall be responsible for CONTRACTOR's and any Subcontractor's day-to-day activities as related to this Contract and shall coordinate with COUNTY's Project Manager on a regular basis.

## **6.3 Approval of CONTRACTOR's Staff**

COUNTY has the absolute right to approve or disapprove all of CONTRACTOR's staff set forth on Exhibit G (CONTRACTOR's Administration), and the reasonable right to approve or disapprove all other staff performing work hereunder and any proposed changes in CONTRACTOR's staff, including, but not limited to, CONTRACTOR's Project Manager. COUNTY approves CONTRACTOR's staff as set forth on Exhibit G (CONTRACTOR's Administration) to the Contract, and any changes thereto shall be submitted for COUNTY review and approval. Notwithstanding the foregoing, a decision by an individual to terminate employment with CONTRACTOR or accept another position with CONTRACTOR unrelated to the Services provided hereunder shall not be deemed a breach of the Contract.

## **6.4 Background and Security Investigations**

6.4.1 Each of CONTRACTOR's staff performing services under this Contract, who is in a designated sensitive position, as determined by COUNTY in COUNTY's sole discretion, shall undergo and pass a background investigation to the satisfaction of COUNTY as a condition of beginning and continuing to perform services under this Contract. Such background investigation may include, but shall not be limited to, criminal conviction information obtained through fingerprints submitted to the California Department of Justice. The fees associated with the background investigation shall be at the expense of CONTRACTOR, regardless if the member of CONTRACTOR's staff passes or fails the background investigation.

6.4.2 If a member of CONTRACTOR's staff does not pass the background investigation, COUNTY may request that the member of CONTRACTOR's staff be immediately removed from performing services under the Contract at any time during the term of the

Contract. COUNTY will not provide to CONTRACTOR or to CONTRACTOR's staff any information obtained through COUNTY's background investigation.

6.4.3 COUNTY, in its sole discretion, may immediately deny or terminate facility access to any member of CONTRACTOR's staff that does not pass such investigation to the satisfaction of COUNTY or whose background or conduct is incompatible with COUNTY facility access.

6.4.4 Disqualification of any member of CONTRACTOR's staff pursuant to this Subparagraph 6.4 shall not relieve CONTRACTOR of its obligation to complete all work in accordance with the terms and conditions of this Contract.

## **6.5 Confidentiality**

6.5.1 CONTRACTOR shall maintain the confidentiality of all COUNTY records and information in accordance with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures relating to confidentiality, including, without limitation, California Civil Code section 1798.82, and the Security Guidelines concerning information technology security and the protection of confidential records and information; provided that any change in the Security Guidelines that occurs after the Effective Date shall be subject to CONTRACTOR's review and agreement, except to the extent such change is mandated by applicable Federal or State law. Further, CONTRACTOR shall take all reasonable actions necessary or advisable to protect all such COUNTY records and information in its possession, custody and/or control from loss or damage by any cause, including fire, theft or other catastrophe. In addition, if requested by COUNTY's Project Manager, CONTRACTOR shall provide notification to all persons whose unencrypted personal information was, or is reasonably believed to have been, acquired by any unauthorized person, and the content, method and timing of such notification shall be subject to the prior approval of CCA.

6.5.2 Notwithstanding the provisions of Paragraph 27.3.3, in the event of a Data Security Breach (as defined below) caused by CONTRACTOR, CONTRACTOR, at its cost and expense and upon COUNTY's request, shall provide required notices, including to affected participants and government entities (state and federal) within the required timeframes; perform required participant credit monitoring; pay any applicable government fines or penalties as required by law; and timely perform any other actions required by



this Contract, applicable law or reasonably required with respect to mitigating the financial impact upon affected participants; provided, however, that such obligations are expressly conditioned upon: (i) COUNTY providing CONTRACTOR prompt notice of the Data Security Breach (in the event COUNTY discovers the breach prior to CONTRACTOR) and requesting the actions; (ii) COUNTY permitting CONTRACTOR to perform such required actions, provided that CONTRACTOR shall allow COUNTY to review and approve any communications and mitigating actions, such approval not to be unreasonably withheld; and (iii) COUNTY cooperating with CONTRACTOR regarding such required actions, including without limitation providing CONTRACTOR with all information necessary to the performance of the required actions. COUNTY may participate in the above actions at its own cost and expense; provided, however, that in the event that CONTRACTOR refuses to perform an action that is requested by COUNTY and reasonably required by applicable law, COUNTY may perform such action at CONTRACTOR's cost and expense. "Data Security Breach" means the loss or misuse of Personally Identifiable Information (as defined below); the inadvertent, unauthorized, and/or unlawful Processing (as defined below), disclosure, access, alteration, corruption, transfer, sale or rental, destruction, or use of Personally Identifiable Information; or any other act or omission that compromises the security, confidentiality, or integrity of Personally Identifiable Information. "Personally Identifiable Information" means: (i) any information that identifies or can be used to identify an individual, such as first and last name, social security number or other government issued number or identifier, date of birth, home or other physical address, e-mail address or other online contact information, telephone number, biometric data, mother's maiden name, or other personally identifiable information; (ii) any "non-public personal information" as that term is defined in the Gramm-Leach-Bliley Act found at 15 USC Subchapter 1, § 6809(4), (iii) "protected health information" as defined in the Health Insurance Portability and Accountability Act found at 45 CFR §160.103, or COUNTY proprietary network information as that term is defined in the Communications Act of 1934, as amended, and implementing regulations. "Processing" or "Process" means any operation or set of operations that is performed upon Personally Identifiable Information, whether or not by automatic means, including, but not limited to, collection, recording, organization, storage, access, adaptation, alteration, retrieval, consultation, use, disclosure, dissemination, making available, alignment, combination, blocking, deleting, erasure, or destruction. Notwithstanding anything herein to the contrary, nothing in this Subparagraph 6.5.2 is intended to limit, conflict with or supersede CONTRACTOR's obligations and

responsibilities set forth in Paragraph 50.0 in respect of Protected Health Information, as defined in Paragraph 50.0, and to the extent of any such conflict, the terms and conditions of Paragraph 50.0 shall control. CONTRACTOR's indemnification obligations under Subparagraph 27.2 shall be applicable to Data Security Breaches hereunder and CONTRACTOR's obligation to maintain the confidentiality of all COUNTY records and information.

- 6.5.3 Notwithstanding any provision to the contrary in this Contract, either party may disclose information about the other party that: (a) is lawfully in the public domain at the time of disclosure; (b) is disclosed with the prior approval of the party to which such information pertains; or (c) is required by law to be disclosed.
- 6.5.4 CONTRACTOR shall not reproduce, distribute or disclose to any person or entity any information identifying, characterizing or relating to any risk, threat, vulnerability, weakness or problem regarding information security or maintenance in COUNTY's computer systems, or to any safeguard, countermeasure or contingency plan, policy or procedure for data security contemplated or implemented by COUNTY.
- 6.5.5 With respect to any such COUNTY records and information, CONTRACTOR shall: (a) not use any such COUNTY records and information for any purpose whatsoever other than carrying out the express terms of this Contract; (b) promptly transmit to COUNTY all requests for disclosure of any County records and information; (c) not disclose, except as otherwise specifically permitted by this Contract, any such COUNTY records or information to any person or organization other than COUNTY without COUNTY's prior written authorization; and (d) at the expiration or termination of this Contract, return or destroy all such COUNTY records and information as instructed by CCA.
- 6.5.6 Subject to Subparagraph 6.5.10 below, in the event CONTRACTOR receives any court or administrative agency order, service of process, or request by any person or entity (other than the persons or entities described in Subparagraphs 6.5.8 and 6.5.9 below) for disclosure of any such COUNTY records and information, CONTRACTOR shall immediately notify CCA. Thereafter CONTRACTOR shall comply with such order, process or request only to the extent required by applicable law. Notwithstanding the preceding sentence, to the extent permitted by law, CONTRACTOR shall delay such compliance and cooperate with COUNTY to obtain relief from such obligations to disclose until COUNTY shall have been given a reasonable opportunity to obtain such relief.

- 6.5.7 CONTRACTOR shall inform all of its officers, employees, agents and Subcontractors providing services hereunder of the confidentiality provisions of this Contract.
- 6.5.8 CONTRACTOR shall cause each employee performing services covered by this Contract to sign and adhere to the "Contractor Employee Acknowledgment, Confidentiality, and Copyright Assignment Agreement", Exhibit C.1.
- 6.5.9 CONTRACTOR shall cause each non-employee performing services covered by this Contract to sign and adhere to the provisions of the "Contractor Non-Employee Acknowledgment, Confidentiality, and Copyright Assignment Agreement", Exhibit C.2.
- 6.5.10 In the event CONTRACTOR is compelled to disclose COUNTY's confidential information pursuant to any legal or regulatory authority having jurisdiction over CONTRACTOR, subject to Paragraph 50.0 (CONTRACTOR's Obligation as a "Business Associate" Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH)) of this Contract, CONTRACTOR may disclose such information, provided that it first, unless legally prohibited, notifies COUNTY of the order compelling disclosure and cooperates with COUNTY in any action by COUNTY to secure a protective order regarding such information.
- 6.5.11 Notwithstanding anything herein to the contrary, CONTRACTOR acknowledges and agrees that it is responsible for any breach of the obligations of confidentiality set forth in the Contract by any person or entity engaged by CONTRACTOR to assist it in the performance of Services or other work hereunder to whom CONTRACTOR discloses such confidential information.
- 6.5.12 CONTRACTOR acknowledges that a breach by CONTRACTOR of this Subparagraph 6.5 may result in irreparable injury to County that may not be adequately compensated by monetary damages, and that, in addition to COUNTY's other rights under this Contract, at law and in equity, COUNTY shall have the right to seek injunctive relief to enforce the provisions of this Subparagraph 6.5.

## **7.0 TERM**

- 7.1 The term of this Contract commences upon the Effective Date and shall continue through December 31, 2016, unless otherwise terminated or extended, in whole or in part, as provided in this Contract.

7.2 CONTRACTOR shall notify DHR when this Contract is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, CONTRACTOR shall send written notification to DHR at the address herein provided in Exhibit F (COUNTY's Administration).

**7.3 Completion of Contract**

Upon expiration or termination of the Contract, CONTRACTOR shall fully cooperate with COUNTY to provide for the transition to whatever service replacement method COUNTY determines to be in its best interest. Transition Plan services to be performed by CONTRACTOR are set forth in Exhibit A.1 and Exhibit A.2. Such Transition Plan services are intended to ensure a smooth transition from CONTRACTOR-provided services back to COUNTY or another vendor. CONTRACTOR shall make reasonable provisions for inspection and observation of work procedures of CONTRACTOR personnel during the transition period.

CONTRACTOR shall provide Transition Plan services during the following periods: (a) for two months prior to expiration or non-renewal of the Contract in the ordinary course of business; (b) for two months following the effective date of termination of the Contract upon COUNTY's termination pursuant to Paragraph 32.0 (Termination for Default); and (c) for two months following the effective date of notice of termination by COUNTY for any reason other than a termination pursuant to Paragraph 32.0 of this Contract. In addition, CONTRACTOR shall provide COUNTY up to forty (40) hours per month general consulting services in connection with a transition of its Services to COUNTY or to a third party, which general consulting services shall be provided upon request by COUNTY under clause (a), during the four month period prior to the commencement of the Transition Plan, and under clauses (b) or (c), as part of the Transition Plan.

In addition, CONTRACTOR shall explain and return to COUNTY, as requested, all COUNTY reports, documents, data files and Materials, as defined in Paragraph 45.0 (License, Ownership of Materials, Software and Copyright) of this Contract, generated for or provided by COUNTY to service this Contract; provided that CONTRACTOR may retain an archival copy of its work records pursuant to Paragraph 25.0.

**8.0 CONTRACT SUM**

8.1 The Maximum Contract Sum under the term of this Contract shall be the total monetary amount payable by COUNTY to CONTRACTOR for provision of services specified herein in accordance with Exhibit B (Fee Schedule), and shall not exceed \$49,023,900 for the term of the contract,

including an estimated 3% Cost of Living Adjustment (COLA) for each year for the Benefit Plan Services. In addition, CONTRACTOR acknowledges that the amounts payable by COUNTY to CONTRACTOR on a monthly basis for the Benefit Plan Services are based on COUNTY's actual number of users in the Benefit Plan Services in the applicable month multiplied by the applicable unit rates as set forth on Exhibit B (Fee Schedule) for the applicable Contract Year. CONTRACTOR expressly acknowledges and agrees, however, that, in no event is COUNTY obligated to pay any amount in excess of the Maximum Contract Sum per Contract Year for the Benefit Plan Services and the Absence Management Services, respectively, as set forth on Exhibit B (Fee Schedule).

- 8.2 CONTRACTOR shall not be entitled to payment or reimbursement for any tasks or services performed, nor for any incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein. Assumption or takeover of any of CONTRACTOR's duties, responsibilities, or obligations, or performance of same by any entity other than CONTRACTOR, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever, shall occur only with COUNTY's express prior written approval. Any such assumption or takeover without COUNTY's express prior written approval shall be void *ab initio*.
- 8.3 CONTRACTOR shall maintain a system of record keeping that will allow CONTRACTOR to determine when it has incurred seventy-five percent (75%) of the total contract authorization under this Contract. Upon occurrence of this event, CONTRACTOR shall send written notification to DHR at the address herein provided in Exhibit F (COUNTY's Administration).
- 8.4 No Payment for Services Provided Following Expiration/Termination of Contract

CONTRACTOR shall have no claim against COUNTY for payment of any money or reimbursement, of any kind whatsoever, for any service provided by CONTRACTOR after the expiration or other termination of this Contract. Should CONTRACTOR receive any such payment it shall immediately notify COUNTY and shall immediately repay all such funds to COUNTY. Payment by COUNTY for services rendered after expiration/termination of this Contract shall not constitute a waiver of COUNTY's right to recover such payment from CONTRACTOR. This provision shall survive the expiration or other termination of this Contract.

## 8.5 Invoices and Payments

- 8.5.1 CONTRACTOR shall invoice COUNTY only for providing the tasks, deliverables, goods, services, and other work specified in Exhibit A.1 and Exhibit A.2, and elsewhere hereunder. CONTRACTOR shall prepare invoices, which shall include the charges owed to CONTRACTOR by COUNTY under the terms of this Contract. CONTRACTOR's payments shall be as provided in Exhibit B (Fee Schedule).
- 8.5.2 CONTRACTOR's invoices shall be priced in accordance with Exhibit B (Fee Schedule).
- 8.5.3 CONTRACTOR's invoices shall contain the information set forth in Exhibit A.1 and Exhibit A.2, describing the tasks, deliverables, goods, services, work hours, and facility and/or other work for which payment is claimed.
- 8.5.4 CONTRACTOR shall invoice COUNTY in arrears for all services and materials provided under this Contract. CONTRACTOR shall submit the monthly invoices to COUNTY by the 15<sup>th</sup> calendar day of the month following the month of service.
- 8.5.5 All invoices under this Contract shall be submitted in two (2) copies to the following address:

County of Los Angeles  
Department of Human Resources  
Employee Benefits Division  
3333 Wilshire Boulevard, Suite 1000  
Los Angeles, California 90010  
Attn: Eliza Carrillo

### 8.5.6 COUNTY Approval of Invoices

All invoices submitted by CONTRACTOR for payment must have the written approval of COUNTY's Project Director prior to any payment thereof, and all work or services set forth on the invoice for which payment is claimed, must comply with the specifications set forth in the Contract, including having COUNTY's Project Director approval, as evidenced by his or her countersignature to the invoice. In no event shall COUNTY be liable or responsible for any payment prior to such written approval. Approval for payment will not be unreasonably withheld, and subject to the remainder of this Subparagraph 8.5, COUNTY will endeavor to make payment of

approved invoices and approved amounts within thirty (30) days of COUNTY's Project Director's approval of the applicable invoice.

8.5.7 CCA will report in writing any invoice discrepancies to CONTRACTOR within fifteen (15) business days. CONTRACTOR shall review the disputed charges and send a written explanation detailing the basis for the charges within fifteen (15) business days of receipt of CCA's written report. If CCA does not receive a written explanation from CONTRACTOR within the fifteen (15) day period, CONTRACTOR waives any dispute to the amended charges, and payment will be made, less the discrepancies set forth by COUNTY.

8.6 The Maximum Contract Sum and the amounts set forth on Exhibit B (Fee Schedule) include all amounts necessary for COUNTY to reimburse CONTRACTOR for all applicable California and other state and local tax liability (subject to the remainder of this Subparagraph 8.6) on all goods and services provided hereunder by CONTRACTOR to COUNTY. Contractor will be solely liable and responsible for, and shall pay such tax liability directly to the state or other taxing authority. In addition, CONTRACTOR shall be solely responsible for all tax liability based on CONTRACTOR's income or gross revenue, or personal property taxes levied or assessed on CONTRACTOR's personal property to which COUNTY does not hold title.

8.7 Cost of Living Adjustment/Consumer Price Index

The Benefit Plan Services costs, as set forth in Exhibit B (Fee Schedule), may be adjusted annually based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index for the Los Angeles-Riverside-Orange County Area (CPI) for the most recently published percentage change for the 12-month period preceding the Contract anniversary date, which shall be the effective date for any cost of living adjustments, subject to the Maximum Contract Sum as set forth in Exhibit B (Fee Schedule). However, any increase shall not exceed the general salary movement granted to COUNTY employees as determined by the Chief Executive Office as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board of Supervisors from approving any increase in COUNTY employee salaries, no cost of living adjustments will be granted.

**9.0 FACSIMILE REPRESENTATIONS FOR CHANGE NOTICES**

For purposes of Change Notices only, COUNTY and CONTRACTOR hereby agree to regard facsimile representations of original signature of authorized officers of each party, when appearing in appropriate places on the Change

Notices prepared pursuant to Paragraph 4.0 (Changes and Amendments), and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to Change Notices, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of such documents.

#### **10.0 GRATUITOUS WORK**

CONTRACTOR agrees that should work or services, other than the Total Services forth in Exhibit A.1 and Exhibit A.2, be performed without the prior written modification of this Contract in accordance with Paragraph 4.0 (Changes and Amendments), they are deemed gratuitous and CONTRACTOR shall have no claim therefore.

#### **11.0 ASSIGNMENT AND DELEGATION**

11.1 CONTRACTOR shall not assign its rights or delegate its duties under this Contract, or both, either in whole or in part, without the prior written consent of DOP, except that upon prior written notice to DOP, CONTRACTOR may delegate, in part but not in whole, the work and Services to be provided under the Contract to a wholly owned subsidiary of ACS. Any unapproved assignment or delegation shall be null and void. Any payments by DHR to any approved delegate or assignee on any claim under this Contract shall be deductible, at DHR's sole discretion, against the claims, which CONTRACTOR may have against COUNTY. Notwithstanding anything herein to the contrary, ACS remains fully responsible and liable for the performance of all CONTRACTOR's obligations under the Contract, including without limitation any work delegated pursuant to this Subparagraph 11.1.

11.2 Any assumption, assignment, delegation, or takeover of any of CONTRACTOR's duties, responsibilities, obligations, or performance of same by any entity other than CONTRACTOR, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without DHR's express prior written approval, shall be a material breach of the Contract which may result in the termination of this Contract. In the event of such termination, COUNTY shall be entitled to pursue the same remedies against CONTRACTOR as it could pursue in the event of default by CONTRACTOR.

#### **12.0 BUDGET REDUCTIONS**

In the event that the Board of Supervisors adopts, in any fiscal year, a COUNTY Budget which provides for reductions in the salaries and benefits paid to the majority of COUNTY employees and imposes similar reductions with respect to



COUNTY Contracts, COUNTY reserves the right to reduce its payment obligation correspondingly for that fiscal year and any subsequent fiscal year services provided by CONTRACTOR under the Contract. COUNTY's notice to CONTRACTOR regarding said reduction in payment obligation shall be provided within thirty (30) calendar days of the Board of Supervisors' approval of such actions. CONTRACTOR shall continue to provide all of the services set forth in the Contract.

### **13.0 COMPLIANCE WITH APPLICABLE LAW**

13.1 In the performance of this Contract, CONTRACTOR shall comply with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures, and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference.

13.2 CONTRACTOR shall indemnify, defend, and hold harmless COUNTY, its officers, employees, and agents, from and against any and all claims, demands, damages, liabilities, losses, costs, and expenses, including, without limitation, defense costs and legal, accounting and other expert, consulting or professional fees, incurred in conjunction with litigation, arising from, connected with, or related to any failure by CONTRACTOR, its officers, employees, agents, or Subcontractors, to comply with any such applicable laws, rules, regulations, ordinances, directives, guidelines, policies, or procedures, as determined by COUNTY in its reasonable judgment. Any legal defense pursuant to CONTRACTOR's indemnification obligations under this Paragraph 13.2 shall be conducted by CONTRACTOR and performed by counsel selected by CONTRACTOR and approved by COUNTY. Notwithstanding the preceding sentence, COUNTY shall have the right to participate in any such defense at its sole cost and expense, except that in the event CONTRACTOR fails to provide COUNTY with a full and adequate defense, as determined by COUNTY in its reasonable judgment, COUNTY shall be entitled to retain its own counsel, including, without limitation, COUNTY Counsel, and reimbursement from CONTRACTOR for all such costs and expenses incurred by COUNTY in doing so. CONTRACTOR shall not have the right to enter into any settlement, agree to any injunction or other equitable relief, or make any admission, in each case, on behalf of COUNTY without COUNTY's prior written approval.

### **14.0 COMPLIANCE WITH CIVIL RIGHTS LAWS**

CONTRACTOR hereby assures that it will comply with Subchapter VII of the Civil Rights Act of 1964, 42 USC Section 2000(e) (1) through 2000(e) (17), to the end that no person shall, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation,

or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract. CONTRACTOR shall comply with Exhibit D (CONTRACTOR's EEO Certification).

#### **15.0 CONFLICT OF INTEREST**

15.1 No COUNTY employee whose position with COUNTY enables such employee to influence the award of this Contract or any competing Contract, and no spouse or economic dependent of such employee, shall be employed in any capacity by CONTRACTOR or have any other direct or indirect financial interest in this Contract. No officer or employee of CONTRACTOR who may financially benefit from the performance of work hereunder shall in any way participate in COUNTY's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence COUNTY's approval or ongoing evaluation of such work.

15.2 CONTRACTOR shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Contract. CONTRACTOR warrants that it is not now aware of any facts that create a conflict of interest. If CONTRACTOR hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to COUNTY. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this Paragraph 15.0 shall be a material breach of this Contract.

#### **16.0 CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFF/OR RE-EMPLOYMENT LIST**

Should CONTRACTOR require additional or replacement personnel after the effective date of this Contract to perform the services set forth herein, CONTRACTOR shall give first consideration for such employment openings to qualified, permanent COUNTY employees who are targeted for layoff or qualified, former COUNTY employees who are on a re-employment list during the life of this Contract.

#### **17.0 CONSIDERATION OF HIRING GAIN/GROW PROGRAM PARTICIPANTS**

17.1 Should CONTRACTOR require additional or replacement personnel after the effective date of this Contract, CONTRACTOR shall give consideration for any such employment openings to participants in COUNTY's Department of public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program

who meet CONTRACTOR's minimum qualifications for the open position. For this purpose, consideration shall mean that CONTRACTOR will interview qualified candidates. COUNTY will refer GAIN/GROW participants by job category to CONTRACTOR.

- 17.2 In the event that both laid-off COUNTY employees and GAIN/GROW participants are available for hiring, COUNTY employees shall be given first priority.

## **18.0 CONTRACTOR RESPONSIBILITY AND DEBARMENT**

### **18.1 Responsible Contractor**

A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the Contract. It is COUNTY's policy to conduct business only with responsible Contractors.

### **18.2 Chapter 2.202 of COUNTY Code**

CONTRACTOR is hereby notified that, in accordance with Chapter 2.202 of the County Code, if COUNTY acquires information concerning the performance of CONTRACTOR on this or other contracts which indicates that CONTRACTOR is not responsible, COUNTY may, in addition to other remedies provided in the Contract, debar CONTRACTOR from bidding or proposing on, or being awarded, and/or performing work on COUNTY contracts for a specified period of time, which generally will not exceed five years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing Contracts CONTRACTOR may have with COUNTY.

### **18.3 Non-Responsible Contractor**

COUNTY may debar CONTRACTOR if the Board of Supervisors finds, in its discretion, that CONTRACTOR has done any of the following: (1) violated a term of a contract with COUNTY or a nonprofit corporation created by COUNTY; (2) committed an act or omission which negatively reflects on CONTRACTOR's quality, fitness or capacity to perform a contract with COUNTY, any other public entity, or a nonprofit corporation created by COUNTY, or engaged in a pattern or practice which negatively reflects on same; (3) committed an act or offense which indicates a lack of business integrity or business honesty; or (4) made or submitted a false claim against COUNTY or any other public entity.

#### **18.4 Contractor Hearing Board**

- 18.4.1 If there is evidence that CONTRACTOR may be subject to debarment, DHR will notify CONTRACTOR in writing of the evidence which is the basis for the proposed debarment and will advise CONTRACTOR of the scheduled date for a debarment hearing before the Contractor Hearing Board.
- 18.4.2 The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. CONTRACTOR and/or CONTRACTOR's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether CONTRACTOR should be debarred, and, if so, the appropriate length of time of the debarment. CONTRACTOR and DHR shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.
- 18.4.3 After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.
- 18.4.4 If CONTRACTOR has been debarred for a period longer than five (5) years, that CONTRACTOR may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. COUNTY may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that CONTRACTOR has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of COUNTY.
- 18.4.5 The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) CONTRACTOR has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for

reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

- 18.4.6 The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

#### **18.5 Subcontractors of CONTRACTOR**

These terms shall also apply to Subcontractors of CONTRACTOR.

#### **19.0 CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO CHILD SUPPORT ENFORCEMENT**

CONTRACTOR acknowledges that COUNTY places a high priority on the implementation of the Safely Surrendered Baby Law. CONTRACTOR understands that it is COUNTY's policy to encourage all County Contractors to voluntarily post COUNTY's "Safely Surrendered Baby Law" poster in a prominent position at CONTRACTOR's place of business. CONTRACTOR will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. COUNTY's Department of Children and Family Services will supply CONTRACTOR with the poster to be used. Information on how to receive the poster can be found on the Internet at [www.babysafela.org](http://www.babysafela.org).

#### **20.0 CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY's CHILD SUPPORT COMPLIANCE PROGRAM**

- 20.1 CONTRACTOR acknowledges that COUNTY has established a goal of ensuring that all individuals who benefit financially from COUNTY through Purchase Order or Contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon COUNTY and its taxpayers.

20.2 As required by COUNTY's Child Support Compliance Program (COUNTY Code Chapter 2.200) and without limiting CONTRACTOR's duty under this Contract to comply with all applicable provisions of law, CONTRACTOR warrants that it is now in compliance and shall during the term of this Contract maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

#### **21.0 COUNTY's QUALITY ASSURANCE PLAN**

COUNTY or its agent will evaluate CONTRACTOR's performance under this Contract on not less than an annual basis. Such evaluation will include assessing CONTRACTOR's compliance with all Contract terms and conditions and performance standards. CONTRACTOR deficiencies which COUNTY determines are severe or continuing and that may place performance of the Contract in jeopardy if not corrected will be reported to the Board of Supervisors. The report will include improvement/corrective action measures taken by COUNTY and CONTRACTOR. If improvement does not occur consistent with the corrective action measures, COUNTY may terminate this contract or impose other penalties as specified in this Contract.

#### **22.0 EMPLOYMENT ELIGIBILITY VERIFICATION**

CONTRACTOR warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. CONTRACTOR shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal and State statutes and regulations including, but not limited to, the immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. CONTRACTOR shall retain all such documentation for all covered employees for the period prescribed by law. CONTRACTOR shall indemnify, defend, and hold harmless, COUNTY, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against CONTRACTOR or COUNTY or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.

### **23.0 FAIR LABOR STANDARDS**

CONTRACTOR shall comply with all applicable provisions of the Federal Fair Labor Standards Act and shall indemnify, defend, and hold harmless COUNTY and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by CONTRACTOR's employees for which COUNTY may be found jointly or solely liable.

### **24.0 GOVERNING LAW, JURISDICTION, AND VENUE**

This Contract shall be governed by, and construed in accordance with, the laws of the State of California without regard for California's choice of law provisions. CONTRACTOR agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Contract and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

### **25.0 REPORTS AND RECORDS**

Upon expiration of this Contract, or in the event of cancellation, on the demand of the CCA, all documents, reports, records, case files, correspondence and work product relating to CONTRACTOR's operations under this Contract shall be returned to the CCA or to such other location in COUNTY as the CCA may direct. It is understood that all of the materials described in this Paragraph 25.0 are the property of COUNTY and not of CONTRACTOR herein, provided however that any materials will not be construed to include any of CONTRACTOR's proprietary information pursuant to Paragraph 45.0 (License, Ownership of Materials, Software and Copyright) of this Contract. Subject to CONTRACTOR's obligation to return or destroy Protected Health Information pursuant to Paragraph 50.0 (CONTRACTOR's Obligation as a Business Associate Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH)) of this Contract, CONTRACTOR is permitted to retain one electronic copy of materials surrendered hereunder solely for archival purposes, provided that such copy will continue to be subject to the obligations set forth in Subparagraph 6.5 (Confidentiality) of this Contract.

### **26.0 INDEPENDENT CONTRACTOR STATUS**

26.1 This Contract is by and between COUNTY and CONTRACTOR and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between COUNTY and CONTRACTOR. The employees and agents of one party

shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever. CONTRACTOR is, and shall perform under this Contract as, an independent contractor.

26.2 CONTRACTOR shall be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Contract all compensation and benefits. COUNTY shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of CONTRACTOR.

26.3 CONTRACTOR understands and agrees that all persons performing work pursuant to this Contract are, for purposes of Workers' Compensation liability, solely employees of CONTRACTOR and not employees of COUNTY. CONTRACTOR shall be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of CONTRACTOR pursuant to this Contract.

26.4 CONTRACTOR shall adhere to the provisions stated in Subparagraph 6.5 (Confidentiality) of this Contract.

## **27.0 WARRANTIES, INDEMNIFICATION, LIMITATION OF LIABILITY**

### **27.1 Warranty**

CONTRACTOR hereby represents, warrants, and covenants, to COUNTY the following:

27.1.1 CONTRACTOR represents and warrants that (a) CONTRACTOR has the full power and authority to grant the License (as defined in Paragraph 45.1) and all other rights granted by the Contract to COUNTY, (b) no consent of any other person or entity is required by CONTRACTOR to grant such rights other than consents that have been obtained and are in effect, (c) COUNTY is entitled to use and access the services provided hereunder without interruption of system use, except as for permitted downtime for maintenance services as set forth in Exhibit A.1 and Exhibit A.2, (d) the Contract and the intellectual property rights licensed herein, are neither subject to any liens, encumbrances, or pledges nor subordinate to any right or claim of any third party, including CONTRACTOR's creditors, (e) during the Term, CONTRACTOR shall not subordinate the Contract or any of its rights hereunder to any third party without the prior written consent of COUNTY, and without providing in



such subordination instrument for non-disturbance of COUNTY's use and access of all the services provided hereunder, and (f) neither the performance of the Agreement by CONTRACTOR, nor the license to, and use by, COUNTY and its users of the system and services provided hereunder in accordance with the Agreement will in any way violate any non-disclosure Agreement, nor, to the best of CONTRACTOR's knowledge, constitute any infringement or other violation of any copyright, trade secret, trademark, service mark, proprietary information, or other intellectual property rights (excluding patent) of any third party.

- 27.1.2 CONTRACTOR shall, in the performance of all work strictly comply with the descriptions and representations (including documentation requirements, performance capabilities, accuracy, completeness, characteristics, specifications, configurations, standards, functions and requirements) as set forth in the Contract, including without limitation the Total Services set forth in Exhibit A.1 and Exhibit A.2, and the systems and services provided hereunder shall perform in accordance with such descriptions and representations.
- 27.1.3 All tasks, subtasks, deliverables, goods, services, and other work required hereunder be performed in a timely and professional manner by qualified personnel.
- 27.1.4 All documentation developed under the Contract shall be uniform in appearance.
- 27.1.5 CONTRACTOR shall not cause, intentionally or negligently, any unplanned interruption of the operations of, or accessibility to the system or services provided hereunder, or any component thereof, through any device, method or means including the use of any "virus," "lockup," "time bomb," or "key lock," "worm," device or program, or disabling code, (collectively referred to as a "Disabling Device"), which has the potential or capability of compromising the security of COUNTY's confidential or proprietary information or of causing any unplanned interruption of the accessibility of the system or services provided hereunder, or any component thereof, by COUNTY or any user or which could alter, destroy, or inhibit the use of the system or services provided hereunder, or any component thereof, or the data contained therein. CONTRACTOR has not purposely placed, nor is it aware of, any Disabling Device on any system or services provided hereunder, or any component thereof, nor shall CONTRACTOR knowingly permit any subsequently delivered component to contain any Disabling Device.

## **27.2 Indemnification**

CONTRACTOR shall indemnify, defend and hold harmless COUNTY, its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability (actual or alleged), including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with CONTRACTOR's acts, errors, and/or omissions arising from and/or relating to this Contract. COUNTY shall inform CONTRACTOR as soon as practicable of any claim or action for which indemnification is sought, and shall support CONTRACTOR's defense and settlement thereof. Any legal defense pursuant to CONTRACTOR's indemnification obligations under this Paragraph 27.2 shall be conducted by CONTRACTOR and performed by counsel selected by CONTRACTOR and approved by COUNTY in writing, which approval shall not be unreasonably withheld or delayed. CONTRACTOR shall not, however, without COUNTY's prior written approval, accept any settlement, or enter a plea of guilty or *nolo contendere*, to any charge or claim that results in other than a monetary judgment against COUNTY Indemnitees, which monetary judgment shall not exceed CONTRACTOR's ability to pay and which shall be paid by CONTRACTOR.

## **27.3 Limitation of Liability**

27.3.1 COUNTY will endeavor to provide, or cause its employees, agents, or other service providers to provide, accurate data, documents, and other information reasonably necessary for CONTRACTOR to provide the services specified in this Contract, including, but not limited to, all benefits plan and absence management documents and instruments under which such plans are maintained as well as administrative and operating procedures utilized by COUNTY in administering such plans. CONTRACTOR is not responsible nor liable for any errors or omissions contained in any data, documents, or other information in the form as provided by COUNTY under the Contract or pursuant to the Services provided hereunder, provided such errors or omissions have not or should not have been detected in any exception reports agreed to by COUNTY and CONTRACTOR, or administered by CONTRACTOR pursuant to its ordinary business practices and procedures as applied generally to its customers ("COUNTY Data Error"). CONTRACTOR shall have no responsibility or liability for additional costs resulting from the receipt of COUNTY Data Error, but solely to the extent such costs result from COUNTY Data Error. Notwithstanding anything herein, CONTRACTOR

shall correct any such COUNTY Data Error received from COUNTY as directed by COUNTY. COUNTY will reimburse CONTRACTOR, or pay on CONTRACTOR's behalf, damages rendered in final judgments to third parties resulting from claims resulting from COUNTY Data Error. CONTRACTOR shall notify COUNTY promptly of any such claims alleged against CONTRACTOR and shall support COUNTY's defense and settlement thereof. CONTRACTOR shall not enter into any settlement without COUNTY's prior written approval.

- 27.3.2 Limited Warranty/Disclaimer of Warranties. Except for the warranties set forth in Paragraph 15.2 (Conflict of Interest), 20.2 (CONTRACTOR's Warranty of Adherence to COUNTY's Child Support Compliance Program), 22.0 (Employment Eligibility Verification), 27.1 (Warranty), 42.0 (Warranty Against Contingent Fees), and 56.0 (Authorization Warranty) hereof, CONTRACTOR makes no representation or warranties, express or implied, statutory or otherwise, with respect to the services to be provided under this Contract, including, without limitation, any implied warranty or merchantability or fitness for a particular purpose.
- 27.3.3 Exclusion of Non-Direct Damages. Except in respect of any liability that arises under clauses (a)-(c) of Paragraph 27.3.4 (Damage Limitation) CONTRACTOR is not liable for indirect, punitive, incidental, special, or consequential or similar damages, without regard to the legal theory of such damages, even if advised of the possibility of such damages, arising out of or related to the services provided hereunder.
- 27.3.4 Damage Limitation. Except with respect to (a) claims arising from CONTRACTOR's, including without limitation its employees', directors', officers', agents', subsidiaries', and Subcontractors', willful misconduct, (b) third party claims subject to indemnification under this Contract, and (c) third party claims arising under Paragraph 46.0 (Patent, Copyright and Trade Secret Indemnification), in no case shall CONTRACTOR's liability under this Contract exceed an amount equal to two times the amount of the Maximum Contract Sum payable for the period from July 1, 2011 through December 31, 2016, as referenced in the summary of fees set forth on Exhibit B (Fee Schedule). The parties acknowledge that CONTRACTOR has set its prices and entered into this Contract in reliance upon the limitations of liability and disclaimer of warranties, and damages set forth in this Contract and that the same form an essential basis of the bargain between the parties.

## **28.0 GENERAL INSURANCE REQUIREMENTS**

Without limiting CONTRACTOR's indemnification of COUNTY, and in the performance of this Contract and until all of its obligations pursuant to this Contract have been met, CONTRACTOR shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in Paragraphs 28.0 and 29.0 of this Contract. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon CONTRACTOR pursuant to this Contract. COUNTY in no way warrants that the Required Insurance is sufficient to protect CONTRACTOR for liabilities which may arise from or relate to this Contract.

### **28.1 Evidence of Coverage and Notice to COUNTY**

- 28.1.1 Certificate(s) of insurance coverage (Certificate) satisfactory to COUNTY, and a copy of an Additional Insured endorsement confirming COUNTY and its Agents (defined below) has been given Insured status under CONTRACTOR's General Liability policy, shall be delivered to COUNTY at the address shown below and provided prior to commencing services under this Contract.
- 28.1.2 Renewal Certificates shall be provided to COUNTY not less than ten (10) days prior to CONTRACTOR's policy expiration dates. COUNTY reserves the right to obtain complete, certified copies of any required CONTRACTOR and/or Subcontractor insurance policies at any time.
- 28.1.3 Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Contract by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of CONTRACTOR identified as the contracting party in this Contract. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding fifty thousand (\$50,000.00) dollars, and list any COUNTY required endorsement forms.
- 28.1.4 Neither COUNTY's failure to obtain, nor COUNTY's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by CONTRACTOR, its insurance broker(s)

and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

- 28.1.5 Certificates and copies of any required endorsements shall be sent to:

County of Los Angeles  
Department of Human Resources  
Employee Benefits Division  
3333 Wilshire Blvd., Suite 1000  
Los Angeles, CA 90010  
Attention: County Project Manager

- 28.1.6 CONTRACTOR also shall promptly report to COUNTY any injury or property damage accident or incident, including any injury to a CONTRACTOR employee occurring on COUNTY property, and any loss, disappearance, destruction, misuse, or theft of COUNTY property, monies or securities entrusted to CONTRACTOR. CONTRACTOR also shall promptly notify COUNTY of any third party claim or suit filed against CONTRACTOR or any of its Subcontractors which arises from or relates to this Contract, and could result in the filing of a claim or lawsuit against CONTRACTOR and/or COUNTY.

28.2 Additional Insured Status and Scope of Coverage

The County of Los Angeles, its Special Districts, Elected Officials, Officers, Employees and Volunteers (collectively COUNTY and its Agents) shall be provided additional insured status under CONTRACTOR's General Liability policy with respect to liability arising out of CONTRACTOR's ongoing and completed operations performed on behalf of COUNTY. COUNTY and its Agents additional insured status shall apply with respect to liability and defense of suits arising out of CONTRACTOR's acts or omissions, whether such liability is attributable to CONTRACTOR or to COUNTY. The full policy limits and scope of protection also shall apply to COUNTY and its Agents as an additional insured, even if they exceed COUNTY's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

28.3 Cancellation of Insurance

Except in the case of cancellation for non-payment of premium, CONTRACTOR's insurance policies shall provide, and Certificates shall specify, that COUNTY shall receive not less than thirty (30) days advance

written notice by mail of any cancellation of the Required Insurance. Ten (10) days prior notice may be given to COUNTY in event of cancellation for non-payment of premium.

28.4 Failure to Maintain Insurance

CONTRACTOR's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Contract, upon which COUNTY immediately may withhold payments due to CONTRACTOR, and/or suspend or terminate this Contract. COUNTY, at its sole discretion, may seek damages from CONTRACTOR resulting from said breach.

28.5 Insurer Financial Ratings

Coverage shall be placed with insurers acceptable to COUNTY with A.M. Best ratings of not less than A:VII unless otherwise approved by COUNTY.

28.6 CONTRACTOR's Insurance Shall Be Primary

CONTRACTOR's insurance policies, with respect to any claims related to this Contract, shall be primary with respect to all other sources of coverage available to CONTRACTOR. Any COUNTY maintained insurance or self-insurance coverage shall be in excess of and not contribute to any CONTRACTOR coverage.

28.7 Waivers of Subrogation

To the fullest extent permitted by law, CONTRACTOR hereby waives its rights and its insurer(s)' rights of recovery against COUNTY under all the Required Insurance for any loss arising from or relating to this Contract. CONTRACTOR shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

28.8 Subcontractor Insurance Coverage Requirements

CONTRACTOR shall include all Subcontractors as insureds under CONTRACTOR's own policies, or shall provide COUNTY with each Subcontractor's separate evidence of insurance coverage. CONTRACTOR shall be responsible for verifying each Subcontractor complies with the Required Insurance provisions herein, and shall require that each Subcontractor name COUNTY and CONTRACTOR as additional insureds on the Subcontractor's General Liability policy. CONTRACTOR shall obtain COUNTY's prior review and approval of any Subcontractor request for modification of the Required Insurance.

28.9 Deductibles and Self-Insured Retentions ("SIRs")

CONTRACTOR's policies shall not obligate COUNTY to pay any portion of any CONTRACTOR deductible or SIR.

28.10 Claims Made Coverage

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the effective date of this Contract. CONTRACTOR understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Contract expiration, termination or cancellation.

28.11 Application of Excess Liability Coverage

CONTRACTOR may use a combination of primary, and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

28.12 Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

28.13 Alternative Risk Financing Programs

COUNTY reserves the right to review, and then approve, CONTRACTOR's use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. COUNTY and its Agents shall be designated as an Additional Covered Party under any approved program.

28.14 County Review and Approval of Insurance Requirements

COUNTY reserves the right to review and adjust the Required Insurance provisions, conditioned upon COUNTY's determination of changes in risk exposures.

## 29.0 INSURANCE COVERAGE REQUIREMENTS

- 29.1 Commercial General Liability insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming COUNTY and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$2 million
Products/Completed Operations Aggregate:	\$1 million
Personal and Advertising Injury:	\$1 million
Each Occurrence:	\$1 million

- 29.2 Automobile Liability insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of CONTRACTOR's use of autos pursuant to this Contract, including owned, leased, hired, and/or non-owned autos, as each may be applicable.
- 29.3 Workers Compensation and Employers' Liability insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If CONTRACTOR will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming COUNTY as the Alternate Employer, and the endorsement form shall be modified to provide that COUNTY will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to CONTRACTOR's operations, coverage also shall be arranged to satisfy the requirements of any federal workers' compensation law or any federal occupational disease law.
- 29.4 Professional Liability/Errors and Omissions insurance covering CONTRACTOR's liability arising from or related to the services provided under this Contract, with limits of not less than \$1 million per claim and \$3 million aggregate. Further, CONTRACTOR understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Contract's expiration, termination or cancellation.
- 29.5 Crime Coverage A Fidelity Bond or Crime Insurance policy with limits of not less than indicated below per occurrence. Such coverage shall protect against all loss of money, securities, or other valuable property entrusted by COUNTY to CONTRACTOR, and apply to all of CONTRACTOR's directors, officers, agents and employees who regularly handle or have responsibility for such money, securities or property. COUNTY and its Agents shall be named as an Additional Insured and Loss Payee as its



interests may appear. This insurance shall include third party fidelity coverage, include coverage for loss due to theft, mysterious disappearance, and computer fraud/theft, and shall not contain a requirement for an arrest and/or conviction.

Employee Dishonesty

\$1 million

### **30.0 NON EXCLUSIVITY**

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with CONTRACTOR. This Contract shall not restrict COUNTY from acquiring similar, equal or like goods and/or services from other entities or sources.

### **31.0 SUBCONTRACTING**

- 31.1 No requirements of this Contract may be subcontracted by CONTRACTOR without the advance approval of COUNTY as provided in this Paragraph 31.0. Any attempt by CONTRACTOR to subcontract without the prior consent of COUNTY may be deemed a material breach of this Contract.
- 31.2 If CONTRACTOR desires to subcontract, CONTRACTOR shall provide the following information promptly at COUNTY's request:
  - 31.2.1 A description of the work to be performed by the Subcontractor.
  - 31.2.2 A draft copy of the proposed subcontract, which must contain, at a minimum, all provisions of this Contract.
  - 31.2.3 Other pertinent information and/or certifications requested by COUNTY.
- 31.3 CONTRACTOR shall indemnify, defend, and hold harmless COUNTY from and against any and all liability with respect to the activities of each and every Subcontractor in the same manner and to the same degree as if such Subcontractor(s) were CONTRACTOR employees.
- 31.4 CONTRACTOR shall remain fully responsible for all performances required of it under this Contract, including those which CONTRACTOR has determined to subcontract, notwithstanding COUNTY's approval of CONTRACTOR's proposed subcontract.
- 31.5 COUNTY's consent to subcontract shall not waive COUNTY's right to prior and continuing approval of any and all personnel, including Subcontractor

employees, providing services under this Contract. CONTRACTOR is responsible to notify its Subcontractors of this COUNTY right.

- 31.6 CCA or his/her designee is authorized to act for and on behalf of COUNTY with respect to approval of any subcontracting and Subcontractor employees. After approval of the subcontract by COUNTY, CONTRACTOR shall forward a fully executed subcontract to COUNTY for its files.
- 31.7 CONTRACTOR shall be solely liable and responsible for all payments or other compensation to all Subcontractors and their officers, employees, agent, and successors in interest arising through services performed hereunder, notwithstanding COUNTY's consent to subcontract.
- 31.8 CONTRACTOR shall obtain the following from each approved Subcontractor and shall deliver to the Department of Human Resources, Employee Benefits Division, 3333 Wilshire Blvd., Suite 1000, Los Angeles, CA 90010, before any work may be performed under such subcontract:
  - 31.8.1 A fully executed copy of each subcontract entered into by CONTRACTOR;
  - 31.8.2 An executed Subcontractor Employee Acknowledgement and Confidentiality Agreement for each Subcontractor employee approved to perform work hereunder; and
  - 31.8.3 Certificates of insurance, which establish that the Subcontractor maintains all the programs of insurance required by COUNTY.

## **32.0 TERMINATION FOR DEFAULT**

- 32.1 COUNTY may, by written notice to CONTRACTOR terminate the whole or any part of this Contract, if, in the judgment of COUNTY's Project Director:
  - 32.1.1 CONTRACTOR has materially breached or failed to comply with provisions of this Contract;
  - 32.1.2 CONTRACTOR fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required either under this Contractor; or
  - 32.1.3 CONTRACTOR fails to demonstrate a high probability of timely fulfillment of performance requirements under this Contract, or of any obligations of this Contract; and

- 32.1.4 in any instance arising under Paragraphs 32.1.1 through 32.1.3, fails to demonstrate convincing progress toward a cure within ten (10) working days (or such longer period as COUNTY may authorize in writing) after receipt of written notice from COUNTY specifying such failure, provided COUNTY has pursued, without satisfaction to COUNTY, the dispute resolution process set forth in Paragraph 61.0 (Dispute Resolution Procedure) in respect of such alleged failure.
- 32.2 In the event that COUNTY terminates this Contract in whole or in part as provided in Paragraph 32.1, COUNTY may procure, upon such terms and in such manner as COUNTY may deem appropriate, consistent with then current market conditions, goods and services substantially similar to those so terminated. CONTRACTOR shall be liable to COUNTY, subject to COUNTY's duty to mitigate, for any and all excess costs incurred by COUNTY for such similar goods and services. CONTRACTOR shall continue the performance of this Contract to the extent not terminated under the provisions of this Subparagraph.
- 32.3 Following a termination by COUNTY, in whole or in part of the Contract, for any reason whatsoever, CONTRACTOR shall promptly return to COUNTY any and all of COUNTY's confidential information that relates to that portion of the Contract or work terminated by COUNTY, pursuant to Paragraph 25.0. CONTRACTOR and COUNTY shall continue the performance of the Contract to the extent not otherwise terminated.
- 32.4 Except with respect to defaults of any Subcontractor, CONTRACTOR shall not be liable for any such excess costs of the type identified in Paragraph 32.2, or, subject to Paragraph 48.0 (Notice of Delays), any other failure to perform under this Contract, if CONTRACTOR's failure to perform this Contract arises out of causes beyond the control and without the fault or negligence of CONTRACTOR. Such causes may include, but are not limited to: acts of God or of the public enemy, acts of COUNTY in either its sovereign or contractual capacity, acts of Federal or State governments in their sovereign capacities, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather but in every case, the failure to perform must be beyond the control and without the fault or negligence of CONTRACTOR. If the failure to perform is caused by the default of a Subcontractor, and if such default arises out of causes beyond the control of both CONTRACTOR and Subcontractor, and without the fault or negligence of either of them, CONTRACTOR shall not be liable for any such excess costs for failure to perform, unless the goods or services to be furnished by the Subcontractor were obtainable from other sources in sufficient time to permit CONTRACTOR to meet the required performance schedule. As

used in this Subparagraph 32.4, the terms "Subcontractor" and "Subcontractors" mean Subcontractor(s) at any tier.

- 32.5 If, after COUNTY has given notice of termination under the provisions of this Paragraph 32.0, it is determined by COUNTY or otherwise that CONTRACTOR was not in default under the provisions of this Paragraph 32.0, or that the default was excusable or curable under the provisions of this Paragraph 32.0, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Paragraph 34.0 (Termination for Convenience) except that no additional notice shall be required to effect such termination.

### **33.0 TERMINATION FOR INSOLVENCY**

- 33.1 COUNTY may terminate forthwith this Contract in the event or the occurrence of any of the following:
- 33.1.1 Insolvency of CONTRACTOR. CONTRACTOR shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not CONTRACTOR is insolvent within the meaning of the Federal Bankruptcy Code;
  - 33.1.2 The filing of a voluntary or involuntary petition regarding CONTRACTOR under the Federal Bankruptcy Code;
  - 33.1.3 The appointment of a Receiver or Trustee for CONTRACTOR; or
  - 33.1.4 The execution by CONTRACTOR of a general assignment for the benefit of creditors.
- 33.2 The rights and remedies of COUNTY provided in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.
- 33.3 CONTRACTOR agrees that the Total Services provided hereunder are pursuant to a software license, and as such are Intellectual Property, as that term is defined in the United States Bankruptcy Code, and as such, if CONTRACTOR as a debtor-in-possession, or if a trustee in bankruptcy, attempts to reject this Contract, COUNTY may elect to retain its rights under this Contract, and require Contractor to continue to perform hereunder, as provided under section 365(n) of the United States Bankruptcy Code (11 USC Section 365(n)), provided COUNTY continues its performance hereunder. Alternatively, at COUNTY's election, if a

source code escrow has been established in respect of the Total Services provided hereunder, upon written request by COUNTY to CONTRACTOR or the trustee in bankruptcy, as applicable, for a release of such source code, CONTRACTOR or such trustee shall allow COUNTY to exercise all of its rights and benefits under this Contract including the right to continued use of all source and object code versions of software and related documentation running the Total Services, and shall not interfere with the rights and benefits of COUNTY as provided therein. The foregoing shall survive the termination or expiration of this Contract for any reason whatsoever.

#### **34.0 TERMINATION FOR CONVENIENCE**

- 34.1 This Contract may be terminated, in whole or in part, from time to time, when such action is deemed by COUNTY, in its sole discretion, to be in its best interest. Termination of work hereunder shall be effected by notice of termination to CONTRACTOR specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be no less than thirty (30) calendar days after the notice is sent.
- 34.2 After receipt of a notice of termination and except as otherwise directed by COUNTY, CONTRACTOR shall:
  - 34.2.1 Stop work under this Contract on the date and to the extent specified in such notice, and
  - 34.2.2 Complete performance of such part of the work as shall not have been terminated by such notice.
- 34.3 Nothing in this Paragraph 34.0 is deemed to prejudice any right of CONTRACTOR to make a claim against COUNTY in accordance with the Contract and applicable law and COUNTY procedures for payment for work performed through the effective date of termination. Without limiting the generality of the foregoing, COUNTY acknowledges that if it terminates the Contract for convenience pursuant to this Paragraph 34.0 CONTRACTOR is entitled to reimbursement of all or a pro-rated portion (based upon the percentage of the Contract term completed) of the sum of the start up costs for Absence Management Services set forth on Exhibit B (Fee Schedule). CONTRACTOR, however, acknowledges that the rights and remedies set forth in this Paragraph 34.0 shall be the only remedy available to CONTRACTOR in the event of a termination pursuant to this Paragraph 34.0 by COUNTY. Such claim and invoice shall be submitted promptly, no later than thirty (30) calendar days from the effective date of termination.

### **35.0 TERMINATION FOR IMPROPER CONSIDERATION**

- 35.1 COUNTY may, by written notice to CONTRACTOR, immediately terminate the right of CONTRACTOR to proceed under this Contract if it is found that consideration, in any form, was offered or given by CONTRACTOR, either directly or through an intermediary, to any COUNTY officer, employee, or agent with the intent of securing this Contract or securing favorable treatment with respect to the award, amendment, or extension of this Contract or the making of any determinations with respect to CONTRACTOR's performance pursuant to this Contract. In the event of such termination, COUNTY shall be entitled to pursue the same remedies against CONTRACTOR as it could pursue in the event of default by CONTRACTOR.
- 35.2 CONTRACTOR shall immediately report any attempt by a COUNTY officer or employee to solicit such improper consideration. The report shall be made either to COUNTY manager charged with the supervision of the employee or to COUNTY Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.
- 35.3 Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

### **36.0 TERMINATION FOR NON-ADHERENCE OF COUNTY LOBBYIST ORDINANCE**

- 36.1 CONTRACTOR, and each COUNTY lobbyist or COUNTY Lobbying firm as defined in COUNTY Code Section 2.160.010 retained by CONTRACTOR, shall fully comply with COUNTY's Lobbyist Ordinance, COUNTY Code Chapter 2.160. Failure on the part of CONTRACTOR or any COUNTY Lobbyist or COUNTY Lobbying firm retained by CONTRACTOR to fully comply with COUNTY's Lobbyist Ordinance shall constitute a material breach of this Contract, upon which COUNTY may, in its sole discretion, immediately terminate or suspend this Contract.

### **37.0 TERMINATION FOR NON-APPROPRIATION OF FUNDS**

- 37.1 Notwithstanding any other provision of this Contract, COUNTY shall not be obligated for CONTRACTOR's performance hereunder or by any provision of this Contract during any of COUNTY's future fiscal years unless and until the Board of Supervisors appropriates funds for this Contract in COUNTY's Budget for each such future fiscal year. In the event that funds are not appropriated for this Contract, then this Contract shall terminate as of June 30 of the last fiscal year for which funds were

appropriated. COUNTY shall notify CONTRACTOR in writing of any such non-allocation of funds at the earliest possible date.

**38.0 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM**

38.1 Failure of CONTRACTOR to maintain compliance with the requirements set forth in Paragraph 43.0 of this Contract, shall constitute default under this Contract. Without limiting the rights and remedies available to COUNTY under any other provision of this Contract, failure of CONTRACTOR to cure such default within ten (10) days of notice shall be grounds upon which COUNTY may terminate this Contract and/or pursue debarment of CONTRACTOR, pursuant to County Code Chapter 2.206.

**39.0 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN CHILD SUPPORT COMPLIANCE**

39.1 Failure of CONTRACTOR to maintain compliance with the requirements set forth in Paragraph 20.0 (CONTRACTOR's Warranty of Adherence to COUNTY's Child Support Compliance Program), shall constitute a default by CONTRACTOR under this Contract. Without limiting the rights and remedies available to COUNTY under any other provision of this Contract, failure to cure such default within 90 days of notice by the Los Angeles COUNTY Child Support Services Department shall be grounds upon which the Board of Supervisors may terminate this Contract pursuant to Paragraph 32.0 (Termination for Default).

**40.0 NONDISCRIMINATION AND AFFIRMATIVE ACTION**

40.1 CONTRACTOR certifies and agrees that all persons employed by it, its affiliates subsidiaries or holding companies are and shall be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.

40.2 CONTRACTOR shall certify to, and comply with, the provisions of CONTRACTOR's EEO Certification (Exhibit D).

40.3 CONTRACTOR shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations. Such action shall include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates

of pay or other forms of compensation, and selection for training, including apprenticeship.

- 40.4 CONTRACTOR certifies and agrees that it will deal with its Subcontractors, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation.
- 40.5 CONTRACTOR certifies and agrees that it, its affiliates, subsidiaries, or holding companies shall comply with all applicable Federal and State laws and regulations to the end that no person shall, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract.
- 40.6 CONTRACTOR shall allow COUNTY representatives access to CONTRACTOR's employment records during regular business hours to verify compliance with the provisions of this Paragraph 40.0 when so requested by COUNTY.
- 40.7 If COUNTY finds that any provisions of this Paragraph 40.0 have been violated, such violation shall constitute a material breach of this Contract upon which COUNTY may terminate or suspend this Contract, provided that such finding is reasonable and in good faith. While COUNTY reserves the right to determine independently that the anti-discrimination provisions of this Contract have been violated, in addition, a determination by the California Fair Employment and Housing Commission or the Federal Equal Employment Opportunity Commission that CONTRACTOR has violated Federal or State anti-discrimination laws or regulations shall constitute a finding by COUNTY that CONTRACTOR has violated the anti-discrimination provisions of this Contract.
- 40.8 The parties agree that in the event CONTRACTOR violates any of the anti-discrimination provisions of this Contract, COUNTY shall, at its sole option, be entitled to the sum of Five Hundred Dollars (\$500) for each such violation pursuant to California Civil Code Section 1671 as liquidated damages in lieu of terminating or suspending this Contract

#### **41.0 MOST FAVORED PUBLIC ENTITY**

If CONTRACTOR's prices decline, or should CONTRACTOR, at any time during the term of this Contract, provide the same goods or services under similar quantity and delivery conditions to the State of California or any COUNTY, municipality, or district of the State at prices below those set forth in this Contract, then such lower prices shall be immediately extended to COUNTY.



#### **42.0 WARRANTY AGAINST CONTINGENT FEES**

42.1 CONTRACTOR warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial selling agencies maintained by CONTRACTOR for the purpose of securing business.

42.2 For breach of this warranty, COUNTY shall have the right to terminate this Contract and, at its sole discretion, deduct from the Contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

#### **43.0 WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM**

CONTRACTOR acknowledges that COUNTY has established a goal of ensuring that all individuals and businesses that benefit financially from COUNTY through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon COUNTY and its taxpayers.

Unless CONTRACTOR qualifies for an exemption or exclusion, CONTRACTOR warrants and certifies that to the best of its knowledge, it is now in compliance, and during the term of this Contract will maintain compliance, with Los Angeles County Code Chapter 2.206 (Exhibit E, Certification of Compliance with COUNTY's Defaulted Property Tax Reduction Program).

#### **44.0 NOTICES**

All notices or demands required or permitted to be given or made under this Contract shall be in writing and shall be hand delivered with signed receipt or mailed by first-class registered or certified mail, postage prepaid, addressed to the parties at the following addresses:

To COUNTY:

County of Los Angeles  
Department of Human Resources  
Employee Benefits Division  
3333 Wilshire Boulevard, Suite 1000  
Los Angeles, California 90010  
Attn: Eliza Carrillo

To CONTRACTOR:

Buck Consultants, LLC  
1801 Century Park East, Suite 500  
Los Angeles, CA 90067  
Attn: Harold A. Loeb, A.S.A  
Principal and Consulting Actuary

Buck Consultants, LLC  
Office of the General Counsel  
One Pennsylvania Plaza  
New York, NY 10119

Addresses may be changed by either party by giving written notice thereof to the other party. The Director of Personnel shall have the authority to issue all notices or demands required or permitted by COUNTY under this Contract.

#### **45.0 LICENSE, OWNERSHIP OF MATERIALS, SOFTWARE AND COPYRIGHT**

45.1 CONTRACTOR hereby grants, and County hereby accepts, a nonexclusive, nontransferable license (the "License") to use and access CONTRACTOR's intellectual property rights as may be necessary for COUNTY fully to enjoy the rights granted to it in the Contract. The License shall terminate upon conclusion of the Transition Plan services provided following the expiration or earlier termination of this Contract. CONTRACTOR's Absence Management Services under this Contract shall be accessible by the number of County users as set forth on Exhibit A.2. CONTRACTOR's Benefit Plan Services under the Contract shall be accessible by an unlimited number of County users. For the purpose of the Total Services, users shall include COUNTY's employees, the Los Angeles Superior Court's employees, and those representatives, agents, contractors, and third parties whose relationships with County require access to the services provided hereunder (e.g. administrators of COUNTY's employee unions who are not employees of COUNTY), provided however that the foregoing shall not be construed to permit COUNTY to provide access to the services provided hereunder to any person or third party who has been retained by COUNTY to provide services similar to those being provided hereunder. Moreover, COUNTY shall be the sole owner of all right, title and interest, including copyright, in and to all software, plans, diagrams, facilities, and tools (hereafter "Materials") which are originated or created through CONTRACTOR's work pursuant to this Contract. CONTRACTOR, for valuable consideration herein provided, shall execute all documents necessary to assign and transfer to, and vest in COUNTY all CONTRACTOR's right, title and interest in and to such Materials, including any copyright, patent and trade secret rights which arise pursuant to CONTRACTOR's work

under this Contract. Notwithstanding the foregoing, nothing in this Contract shall operate to grant COUNTY an ownership interest in any proprietary rights in any Material (or other property of any kind) that CONTRACTOR or its employees or Subcontractors acquired or developed prior to the Effective Date or that CONTRACTOR or its employees of Subcontractors obtain in the future in connection with work of CONTRACTOR that is unrelated to the performance of this Contract or the Services provided hereunder. COUNTY acknowledges that any Materials originated or created hereunder may be designed to work in connection with proprietary software of CONTRACTOR that is being provided or made available hereunder on an application service provider basis by CONTRACTOR and that COUNTY will have no right to continue the use or access of such software after this Contract after conclusion of the Transition Plan instituted following termination or expiration of the Contract. With respect to any Materials assigned to COUNTY hereunder, COUNTY hereby grants CONTRACTOR a nonexclusive, irrevocable, perpetual, worldwide, transferable, sublicenseable and royalty-free license to use, modify, copy, display and make derivative works from such Materials.

- 45.2 During the term of this Contract and for five (5) years thereafter, CONTRACTOR shall maintain and provide security for all CONTRACTOR's working papers prepared under this Contract. COUNTY shall have the right to inspect copy and use at any time during and subsequent to the term of this Contract, any and all such working papers and all information contained therein.
- 45.3 Any and all materials, software and tools which are developed or were originally acquired by CONTRACTOR outside the scope of this Contract, which CONTRACTOR desires to use hereunder, and which CONTRACTOR considers to be proprietary or confidential, must be specifically identified by CONTRACTOR to COUNTY's Project Manager as proprietary or confidential, and shall be plainly and prominently marked by CONTRACTOR as "Proprietary" or "Confidential" on each appropriate page of any document, or through a watermark or some other digital signature in electronic media, containing such material.
- 45.4 COUNTY will use reasonable means, which shall at least be consistent with COUNTY's measures taken to protect the security and confidentiality of its own technology and proprietary data, to ensure that CONTRACTOR's proprietary and/or confidential items are safeguarded and held in confidence. COUNTY agrees not to reproduce, distribute or disclose to non-COUNTY entities any such proprietary and/or confidential items without the prior written consent of CONTRACTOR, except as may be required by law. COUNTY further agrees that it will not attempt to reproduce, decompile, or reverse engineer, and will not direct or request

any third party to do the same, any part of CONTRACTOR's proprietary software used by CONTRACTOR in providing Services under this Contract. Upon termination or expiration of the Contract, and to the extent permitted by law, COUNTY will, upon request by CONTRACTOR, return or destroy such confidential and/or proprietary items, other than Materials, to CONTRACTOR, except that one copy may be kept solely for archival purposes.

45.5 Notwithstanding any other provision of this Contract, COUNTY will not be obligated to CONTRACTOR in any way under Subparagraph 45.4 for any of CONTRACTOR's proprietary and/or confidential items which are not plainly and prominently marked with restrictive legends as required by Subparagraph 45.3 or for any disclosure which COUNTY is required to make under any state or federal law or order of court. In the event COUNTY is required to disclose CONTRACTOR's proprietary or confidential information under any state or federal law or order of court, COUNTY agrees that it will, unless legally prohibited, give CONTRACTOR notice of such required disclosure in order to permit CONTRACTOR to seek an appropriate protective order.

45.6 All the rights and obligations of this Paragraph 45.0 shall survive the expiration or termination of this Contract.

#### **46.0 PATENT, COPYRIGHT & TRADE SECRET INDEMNIFICATION**

46.1 CONTRACTOR shall indemnify, hold harmless and defend COUNTY, its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability (actual or alleged), damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, for or by reason of any actual or alleged infringement of any third party's patent, copyright or other intellectual property rights, or any actual or alleged unauthorized trade secret disclosure, arising from or related to the operation and utilization of CONTRACTOR's work under this Contract. COUNTY shall inform CONTRACTOR as soon as practicable of any claim or action alleging such infringement or unauthorized disclosure, and shall support CONTRACTOR's defense and settlement thereof. Any legal defense pursuant to CONTRACTOR's indemnification obligations under this Paragraph 46.0 shall be conducted by CONTRACTOR and performed by counsel selected by CONTRACTOR and approved by COUNTY in writing, which approval shall not be unreasonably withheld or delayed. CONTRACTOR shall not, however, without COUNTY's prior written approval, accept any settlement, or enter a plea of guilty or *nolo contendere*, to any charge or claim that results in other than a monetary judgment against COUNTY Indemnitees, which monetary judgment shall not exceed CONTRACTOR's ability to pay and which shall be paid by CONTRACTOR.

- 46.2 In the event any equipment, part thereof, or software product becomes the subject of any complaint, claim, or proceeding alleging infringement or unauthorized disclosure, such that COUNTY's continued use of such item is formally restrained, enjoined, or subjected to a risk of damages, CONTRACTOR, at its sole expense, and providing that COUNTY's continued use of the system if not materially impeded, shall either:
- 46.2.1 Procure for COUNTY all rights to continued use of the questioned equipment, part, or software product; or
  - 46.2.2 Replace the questioned equipment, part, or software product with a non-questioned item; or
  - 46.2.3 Modify the questioned equipment, part, or software so that it is free of claims.
- 46.3 CONTRACTOR shall have no liability if the alleged infringement or unauthorized disclosure is based upon a use of the questioned product, either alone or in combination with other items not supplied by CONTRACTOR, in a manner for which the questioned product was not designed not intended.

#### **47.0 COMPLIANCE WITH JURY SERVICE PROGRAM**

##### **47.1 Jury Service Program**

This Contract is subject to the provisions of COUNTY's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles COUNTY Code a copy of which is attached as Exhibit H and incorporated by reference into and made a part of this Contract.

##### **47.2 Written Employee Jury Service Policy**

- 47.2.1 Unless CONTRACTOR has demonstrated to COUNTY's satisfaction either that CONTRACTOR is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of COUNTY Code) or that CONTRACTOR qualifies for an exception to the Jury Service Program (Section 2.203.070 of COUNTY Code), Contractor shall have and adhere to a written policy that provides that its employees shall receive from CONTRACTOR, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with CONTRACTOR or that CONTRACTOR deduct from the employee's regular pay the fees received for jury service.

47.2.2 For purposes of this Paragraph, "Contractor" means a person, partnership, corporation or other entity which has a contract with COUNTY or a subcontract with a COUNTY contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more COUNTY contracts or subcontracts. "Employee" means any California resident who is a full time employee of Contractor. "Full time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by COUNTY, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any Subcontractor to perform services for COUNTY under the Contract, the Subcontractor shall also be subject to the provisions of this Paragraph. The provisions of this Paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

47.2.2.1 If Contractor is not required to comply with the Jury Service Program when the Contract commences, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify COUNTY if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. COUNTY may also require, at any time during the Contract and at its sole discretion, that Contractor demonstrate to COUNTY's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program.

47.2.2.2 Contractor's violation of this Paragraph of the contract may constitute a material breach of the Contract. In the event of such material breach, COUNTY may, in its sole discretion, terminate the Contract and/or bar Contractor from the award of future COUNTY

contracts for a period of time consistent with the seriousness of the breach.

#### **48.0 NOTICE OF DELAYS**

Except as otherwise provided under this Contract, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, that party shall, within three (3) business days, give notice thereof, including any relevant information with respect thereto, to the other party. If CONTRACTOR believes the delay is attributable to COUNTY error, delay, or nonperformance, CONTRACTOR shall set forth in reasonable detail the impact of the delay, including the cost, if any, to COUNTY to remedy such delay. If CONTRACTOR fails to notify COUNTY in writing of any alleged failure, delay or inadequacy of performance of any of COUNTY's obligations in a timely manner as set forth in this Paragraph 48.0, CONTRACTOR shall not be entitled to rely upon such alleged failure, delay or inadequacy of performance for any purpose whatsoever, including as a purported justification for either: (1) claiming that CONTRACTOR is entitled to receive any additional payments from COUNTY hereunder or (2) failing to fulfill any of CONTRACTOR's obligations in a timely manner. This Paragraph 48.0 shall not be interpreted or construed as expanding in any manner the financial obligations of COUNTY under the Contract.

#### **49.0 RECORD RETENTION AND INSPECTION/AUDIT SETTLEMENT**

49.1 CONTRACTOR shall maintain accurate and complete financial records of its activities and operations relating to this Contract in accordance with generally accepted accounting principles. CONTRACTOR shall also maintain accurate and complete employment and other records relating to its performance of this Contract. CONTRACTOR agrees that COUNTY, or its authorized representatives, shall, upon no less than five (5) days prior notice and during regular business hours (unless otherwise agreed by the parties), have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or records relating to this Contract. Any third party representatives designated by COUNTY pursuant to the preceding sentence shall be approved in advance by CONTRACTOR, such approval not to be unreasonably withheld or delayed. All such material, including, but not limited to, all financial records, timecards and other employment records, and proprietary data and information, shall be kept and maintained by CONTRACTOR and shall be made available to COUNTY during the term of this Contract and for a period of five (5) years thereafter unless COUNTY's written permission is given to dispose of any such material prior to such time. All such material shall be made available by CONTRACTOR at a location in Los Angeles County, provided that if any such material is located outside Los Angeles County, then, at COUNTY's option, CONTRACTOR shall pay

COUNTY for its reasonable travel, per diem, and other costs incurred by COUNTY (not to exceed the reasonable costs associated with two persons traveling for no more than five (5) business days) to examine, audit, excerpt, copy, or transcribe such material at such other location.

- 49.2 In the event that an audit of CONTRACTOR is conducted specifically regarding this Contract by any Federal or State auditor, or by any auditor or accountant employed by CONTRACTOR or otherwise, then CONTRACTOR shall file a copy of such audit report with COUNTY's Auditor-Controller within thirty (30) days of CONTRACTOR's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Contract. COUNTY shall make a reasonable effort to maintain the confidentiality of such audit report(s).
- 49.3 Failure on the part of CONTRACTOR to comply with any of the provisions of this Paragraph 49.0 shall constitute a material breach of this Contract upon which COUNTY may terminate or suspend this Contract.
- 49.4 If, at any time during the term of this Contract or within five (5) years after the expiration or termination of this Contract, representatives of COUNTY may conduct an audit of CONTRACTOR regarding the work performed under this Contract, and if such audit finds that COUNTY's dollar liability for any such work is less than payments made by COUNTY to CONTRACTOR, then the difference shall be either: a) repaid by CONTRACTOR to COUNTY by cash payment upon demand or b) at the sole option of COUNTY's Auditor-Controller, deducted from any amounts due to CONTRACTOR from COUNTY, whether under this Contract or otherwise. If such audit finds that COUNTY's dollar liability for such work is more than the payments made by COUNTY to CONTRACTOR, then the difference shall be paid to CONTRACTOR by COUNTY by cash payment, provided that in no event shall COUNTY's maximum obligation for this Contract exceed the funds appropriated by COUNTY for the purpose of this Contract.

**50.0 CONTRACTOR'S OBLIGATION AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA) AND THE HEALTH INFORMATION TECHNOLOGY FOR ECONOMIC AND CLINICAL HEALTH ACT (HITECH)**

In respect of this Paragraph 50.0, COUNTY contracts on behalf of those certain group health plans sponsored by COUNTY in connection with the flexible benefit plans (including healthcare flexible spending accounts) set forth in Chapters 5.27, 5.28, 5.30, 5.33, 5.35 and 5.37 of the County Code, that are described in COUNTY's various enrollment materials, insurance contracts, HMO agreements, administrative contracts or other written documents, as in effect from time to time and for which CONTRACTOR (also Business Associate) has agreed to provide Benefit Plan Services (each a "Plan" and collectively, the "Plans"). The Plans are



"Group Health Plans" as defined at 45 CFR § 160.103 and are subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information (the "Privacy Rule") and the Health Insurance Reform: Security Standards (the "Security Rule") at 45 CFR parts 160 and 164 (together the "Privacy and Security Rules").

Under the Contract, the Business Associate performs or assists in performing a function or activity on behalf of the Plans and COUNTY that involves the use and/or disclosure of Protected Health Information (as defined in the Privacy Rule).

The parties desire to include certain requirements regarding the privacy and security of Protected Health Information as required by the Privacy and Security Rules. The parties further desire to include certain requirements regarding the transmission of electronic data to be conducted by the Business Associate, if so required, in specified standardized formats as described in 45 C.F.R. Parts 160 and 162 (the "Electronic Transactions Rule") and the HITECH Act.

Nothing in this Contract is intended to alter the Business Associate's independent obligation to comply with HIPAA, the HITECH Act and the regulations promulgated thereunder.

The parties hereto agree as follows:

#### 50.1 Terms Used

50.1.1 Capitalized terms used, but not otherwise defined, in this Paragraph 50.0, shall have the same meaning as those terms in the Privacy and Security Rules.

50.1.2 Relationship of Parties. The parties acknowledge that, as defined in the Privacy Rule: (a) the Plans are Covered Entities; (b) the Business Associate is a Business Associate of the Plans; and (c) COUNTY is the plan sponsor (as defined in § 3(16)(b) of the Employee Retirement Income Security Act of 1974, 29 USC § 1001 et seq., as amended ("ERISA")) of the Plans, is not a Covered Entity in its capacity as a plan sponsor, and acts in the capacity of a plan sponsor as defined in the Privacy Rule. To the extent the Plans are required to take any action, or the Business Associate is required to communicate with the Plans, such action shall be taken by, and communication made to, COUNTY. Any such communication by the Business Associate to COUNTY shall be to the individuals identified by COUNTY pursuant to Subparagraph 50.3.4 of this Contract.

50.1.3 Permitted Uses and Disclosures of Protected Health Information.  
Except as otherwise limited in the Contract, the Business Associate may use and/or disclose Protected Health Information to perform the functions, activities, or services for or on behalf of the Plans as specified in the Contract, provided that such use and/or disclosure would not violate the Privacy Rule or the HITECH Act if done by the Plans. All other uses not authorized by the Contract are prohibited. In addition, and except as otherwise limited in the Contract the Business Associate may:

50.1.3.1 Use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate;

50.1.3.2 Disclose Protected Health Information for the proper management and administration of the Business Associate, provided that the disclosures are Required by Law, or, in accordance with Subparagraph 50.2.8 of this Contract, and the Business Associate obtains reasonable assurances from the person to whom Protected Health Information is disclosed that it will remain confidential and used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of Protected Health Information has been breached; and

50.1.3.3 Use Protected Health Information to provide Data Aggregation services to the Plans as permitted by 42 CFR § 164.504(e)(2)(i)(B), relating to the health care operations of the Plans.

50.2 Responsibilities of Business Associate with Respect to Protected Health Information

With regard to the use and/or disclosure of Protected Health Information, the Business Associate hereby agrees to do the following:

50.2.1 to only request, use, and disclose the minimum amount of Protected Health Information necessary to accomplish the purposes of the request, use or disclosure;

50.2.2 to not use and/or disclose Protected Health Information other than as permitted or required by the Contract or as Required By Law;

- 50.2.3 to use appropriate safeguards to prevent the use and/or disclosure of Protected Health Information other than as provided for by the Contract, including adopting policies and procedures to safeguard Protected Health Information, providing training with respect to such policies and procedures, and implementing appropriate technical safeguards to protect Protected Health Information; and, specifically as to Electronic Protected Health Information, to implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of Electronic Protected Health Information;
- 50.2.4 to mitigate, to the extent practicable, any harmful effect that is known to the Business Associate of a use or disclosure of Protected Health Information by the Business Associate in violation of the requirements of this Contract;
- 50.2.5 to notify a Plan in writing immediately of any use and/or disclosure of Protected Health Information that is not provided for by the Contract and each Security Incident of which it becomes aware, but in no event later than five business days of first learning of any such use or disclosure or Security Incident. Security Incident means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System. All reports should be made to the Chief Privacy Officer at:

Chief Privacy Officer  
Kenneth Hahn Hall of Administration  
500 West Temple St., Suite 525  
Los Angeles, CA 90012  
(213) 974-2166  
[HIPAA@auditor.lacounty.gov](mailto:HIPAA@auditor.lacounty.gov)

- 50.2.6 to notify a Plan in writing immediately of each Breach, as that term is defined in 45 C.F.R. § 164.402 by Business Associate, its employees, representatives, agents or Subcontractors of Unsecured Protected Health Information, as that phrase is defined in 45 C.F.R. § 164.402, that is known to Business Associate or, by exercising reasonable diligence, would have been known to Business Associate, but in no event later than

five business days of first learning of any such Breach. Business Associate shall be deemed to have knowledge of a Breach of Unsecured Protected Health Information if the Breach is known, or by exercising reasonable diligence would have been known to any person, other than the person committing the Breach, who is an employee, officer, or other agent of the Business Associate as determined in accordance with the federal common law of agency.

The notification required by this Subparagraph 50.2.6 shall include, to the extent possible, all information required to provide notification to the Individual under 45 C.F.R. 164.404(c), including:

- (i) the identification of each Individual whose Unsecured Protected Health Information has been, or is reasonably believed by the Business Associate to have been, accessed, acquired, used or disclosed during the Breach;
- (ii) A brief description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known;
- (iii) A description of the types of Unsecured Protected Health Information that were involved in the Breach (such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code, or other types of information were involved);
- (iv) Any other details necessary to conduct an assessment of whether there is a risk of harm to the Individual;
- (v) Any steps Business Associate believes that the Individual could take to protect him or herself from potential harm resulting from the breach;
- (vi) A brief description of what Business Associate is doing to investigate the Breach, to mitigate harm to the Individual, and to protect against any further Breaches; and
- (vii) The name and contact information for the person most knowledgeable regarding the facts and circumstances of the Breach.

If Business Associate is not able to provide the information specified in this Subparagraph 50.2.6 at the time of the notification required by this Subparagraph, Business Associate

shall provide such information promptly thereafter as such information becomes available.

Business Associate may delay the notification required by this Subparagraph 50.2.6 if a law enforcement official states to Business Associate that notification would impede a criminal investigation or cause damage to national security. If the law enforcement official's statement is in writing and specifies the time for which a delay is required, Business Associate shall delay notification, notice, or posting for the time period specified by the official; if the statement is made orally, Business Associate shall document the statement, including the identity of the official making the statement, and delay notification, notice, or posting temporarily and no longer than thirty (30) days from the date of the oral statement, unless a written statement as described above is submitted during that time.

- 50.2.7 To the extent the Plans determine that there has been a Breach of Unsecured Protected Health Information, Business Associate, pursuant to the process set forth in Subparagraph 6.5.2 (to the extent such process does not conflict with the then-existing requirements of HIPAA or the HITECH Act), shall provide Breach notification for each and every Breach of Unsecured Protected Health Information by Business Associate, its employees, representatives, agents or Subcontractors, in a manner that permits the Plans to comply with its obligations under Subpart D, Notification in the Case of Breach of Unsecured PHI, of the Privacy and Security Rules, by notifying each Individual whose Unsecured Protected Health Information has been, or is reasonably believed to have been, accessed, acquired, used, or disclosed as a result of such Breach

The notification required by this Subparagraph 50.2.7 shall include, to the extent possible:

- (i) A brief description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known;
- (ii) A description of the types of Unsecured Protected Health Information that were involved in the Breach (such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code, or other types of information were involved);
- (iii) Any steps the Individual should take to protect him or herself from potential harm resulting from the Breach;

(iv) A brief description of what Business Associate is doing to investigate the Breach, to mitigate harm to individuals, and to protect against any further Breaches; and

(v) Contact procedures for Individual(s) to ask questions or learn additional information, which shall include a toll-free telephone number, an e-mail address, Web site, or postal address.

The notification required by this Paragraph shall be written in plain language.

A Plan, if it reasonably believes that Business Associate is not complying with the requirements of Subparagraph 50.2.7, may elect to provide the notification required by this Subparagraph 50.2.7, and Business Associate shall reimburse the Plan any and all costs incurred by the Plan, including costs of notification, internet posting, or media publication, as a result of Business Associate's Breach of Unsecured Protected Health Information.

50.2.8 to ensure that all agents, including subcontractors, to whom it provides Protected Health Information received from, or created or received by, the Business Associate on behalf of a Plan agree in writing to the same restrictions and conditions on the use and/or disclosure and security of Protected Health Information that apply to the Business Associate pursuant to the Contract; provided, however, the Business Associate shall not assign any of its rights and obligations under the Contract without the prior written consent of a Plan and the Business Associate shall provide the relevant Plan for its approval a copy of any agreement with any agent or subcontractor to whom the Business Associate intends to provide Protected Health Information received from, or created or received on behalf of that Plan;

50.2.9 to provide access, at the request of a Plan, within ten (10) days of such request, to Protected Health Information, to the Plan or, as directed by the Plan, to an Individual in order to meet the requirements under 45 CFR § 164.524; provided, however, if the Business Associate receives, directly or indirectly, a request from an Individual for Protected Health Information, the Business Associate shall notify the Plan in writing promptly of such Individual's request, no later than five business days of receiving such request. The Business Associate shall not give any Individual access to Protected Health Information unless such access is approved by the relevant Plan;

- 50.2.10 to make any amendment(s) to Protected Health Information that the Plan directs or agrees to pursuant to 45 CFR § 164.526 at the request of the Plan or an Individual, within ten (10) days of such request; provided, however, if the Business Associate receives, directly or indirectly, a request from an Individual requesting an amendment of Protected Health Information, the Business Associate shall notify the relevant Plan in writing promptly of such Individual's request no later than five business days of receiving such request. The Business Associate shall not amend any Protected Health Information at the request of an Individual unless directed by the relevant Plan and the Plan shall have full discretion to determine whether the requested amendment shall occur;
- 50.2.11 to make internal practices, books, and records relating to the use and/or disclosure of Protected Health Information received from, or created or received by the Business Associate on behalf of, a Plan available to the Plan, or at the request of the relevant Plan, to the Secretary of the Department of Health and Human Services or his/her designee (the "Secretary"), in a time and manner designated by the Plan or the Secretary, for purposes of determining the Plan's and/or Business Associate's compliance with the Privacy and Security Rules and this Contract;
- 50.2.12 to document such disclosures of Protected Health Information and information related to such disclosures as would be required for a Plan to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR § 164.528 and/or the HITECH Act which requires an accounting of disclosures of Protected Health Information maintained in an Electronic Health Record, as that term is defined in HITECH Act section 13400, for treatment, payment, and health care operations.

Any accounting provided by Business Associate under this Subparagraph 50.2.12 shall include: (a) the date of the disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the disclosure. For each disclosure that could require an accounting under this Subparagraph 50.2.12, Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the disclosure. Business Associate shall provide to the Plans, within ten (10) business days after receipt of request from the Plans, information collected in accordance with this Subparagraph

50.2.12 to permit the Plans to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528. If Business Associate maintains an Electronic Health Record, Business Associate shall provide such information in electronic format to enable Covered Entity to fulfill its obligations under the HITECH Act;

50.2.13 to provide to the relevant Plan, within ten (10) business days in the format specified by the Plan, information collected in accordance with Subparagraph 50.2.12 of this Contract, to permit the Plan to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR § 164.528; provided, however, if the Business Associate receives, directly or indirectly, a request from an Individual for an accounting of disclosures of Protected Health Information, the Business Associate shall notify the Plan in writing promptly of such Individual's request no later than five business days of receiving such request. The Business Associate shall not provide such an accounting at the request of an Individual unless directed by the relevant Plan and the Plan shall have full discretion to determine whether the requested amendment shall occur.

50.2.14 to transmit, on behalf of the Plan, data for transactions that are required to be conducted in standardized format in accordance with the Electronic Transaction Rule and insure that any of its subcontractors to whom it delegates any of its duties in accordance with this Contract agrees to comply with the Electronic Transaction Rule for all transactions that are required to be in standardized format.

50.2.15 to not use or disclosed Protected Health Information for fundraising or marketing purposes.

50.2.16 to not directly or indirectly receive payment in exchange for Protected Health Information, except with the prior written consent of the relevant Plan and as permitted by the HITECH Act. This prohibition shall not affect payment by the Plans to Business Associate. The Plans shall not provide such written consent except upon express approval of the departmental privacy officer and only to the extent permitted by law, including HIPAA and the HITECH Act.

50.3 Responsibilities of the Plans with Respect to Protected Health Information.  
If deemed applicable by the Plans, the Plans shall:



- 50.3.1 provide the Business Associate with relevant information related to the notice of privacy practices;
- 50.3.2 provide the Business Associate with any changes in, or revocation of, permission by an Individual to the use and/or disclosure of Protected Health Information, if such changes affect the Business Associate's permitted or required uses and/or disclosures;
- 50.3.3 notify the Business Associate of any restriction to the use and/or disclosure of Protected Health Information that the relevant Plan has agreed to in accordance with 45 CFR § 164.522; and
- 50.3.4 provide the Business Associate with a list of individuals authorized to receive communications pursuant to this Contract and authorized to approve matters described in Subparagraphs 50.2.8, 50.2.9, 50.2.10 and 50.2.13.

#### 50.4 Term and Termination

- 50.4.1 Term: The Term of this Subparagraph 50.4.1 shall be effective as of the Effective Date, and shall automatically terminate upon the termination of the Contract, subject to the survival provisions set forth in Subparagraph 50.7.2.
- 50.4.2 Termination for Cause. In the event of the Business Associate's material breach of the terms of this Paragraph 50.0, the Plans or COUNTY may either (i) immediately terminate the Contract by providing written notice of termination to the Business Associate, or (ii) terminate the Contract 10 days after receipt by the Business Associate of written notice of such breach from the Plans or COUNTY, provided such breach continues for the ten (10) day period. The Plans or COUNTY shall state in its notice to the Business Associate whether it is electing to immediately terminate the Contract or provide the Business Associate with a ten (10) day opportunity to cure the breach.

#### 50.5 Effect of Termination

- 50.5.1 Except as provided in Subparagraph 50.5.2, upon termination of the Contract or this Paragraph 50.0, for any reason, the Business Associate shall return or destroy all Protected Health Information received from the Plans, or created or received by the Business Associate on behalf of the Plans. This Paragraph shall apply to Protected Health Information that is in the possession of subcontractors or agents of the Business

Associate. The Business Associate shall retain no copies of the Protected Health Information.

- 50.5.2 In the event (i) the terms of the Contract require the Business Associate to maintain records (including Protected Health Information) for a specified period of time, or (ii) the Business Associate determines that returning or destroying the Protected Health Information is impermissible or infeasible, the Business Associate shall provide in writing to the Plans notification of the terms of the Contract or the conditions that make return or destruction impermissible or infeasible. Upon mutual written agreement of the Parties that return or destruction of Protected Health Information conflicts with the terms of the Contract, or is otherwise infeasible, the Business Associate shall extend the protections of this Contract to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes required by this Contract or that make the return or destruction infeasible, for so long as the Business Associate maintains such Protected Health Information.

50.6 Hold Harmless

The Business Associate agrees to indemnify, defend, and hold the Plans and COUNTY and its directors, officers, agents and employees harmless, pursuant to the procedures set forth in Subparagraph 27.2 of this Contract, against any and all loss, liability, damages, penalties and expenses, including attorneys' fees, and costs resulting from or arising out of claims, lawsuits, demands, settlements or judgments brought or suffered from as a result of the Business Associate's breach of this Paragraph 50.0.

50.7 Miscellaneous

- 50.7.1 Amendment. The Parties agree to take such action as is necessary to amend this Contract from time to time as is necessary for the Plans to comply with the requirements of the Privacy and Security Rules and HIPAA.
- 50.7.2 Survival. The respective rights and obligations of the parties under Subparagraphs 50.5, 50.6, and 50.7 shall survive the termination of this Contract and this Paragraph 50.0.
- 50.7.3 Interpretation. Any ambiguity in this Contract shall be resolved in favor of a meaning that permits the Plans to comply with the Privacy and Security Rules and the Electronic Transactions

Rule. Except for the provisions of Subparagraph 50.4.2, in the event of conflict between the terms in this Paragraph 50.0 and other terms of this Contract, the terms of this Paragraph 50.0 shall control.

50.7.4 No Third Party Beneficiary. Nothing in this Contract is intended, nor shall be deemed, to confer any benefits on any third party.

50.7.5 Application of State Law. Except as preempted by federal law, this Paragraph 50.0 shall be administered, construed and enforced according to the laws of the State of California and in courts situated in that State.

**51.0 NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW**

CONTRACTOR shall notify and provide to its employees, and shall require each Subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit I of this Contract and is also available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing purposes.

**52.0 NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT**

CONTRACTOR shall notify its employees, and shall require each Subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015.

**53.0 CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW**

CONTRACTOR acknowledges that COUNTY places a high priority on the implementation of the Safely Surrendered Baby Law. CONTRACTOR understands that it is COUNTY's policy to encourage all County Contractors to voluntarily post COUNTY's "Safely Surrendered Baby Law" poster in a prominent position at CONTRACTOR's place of business. CONTRACTOR will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. COUNTY's Department of Children and Family Services will supply CONTRACTOR with the poster to be used. Information on how to receive the poster can be found on the Internet at [www.babysafela.org](http://www.babysafela.org).

**54.0 VALIDITY**

The invalidity in whole or in part of any provision of this Contract shall not void or affect the validity of any other provision.

**55.0 RECYCLED PAPER**

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at COUNTY landfills, CONTRACTOR agrees to use recycled-content paper to the maximum extent possible on this Contract.

**56.0 AUTHORIZATION WARRANTY**

CONTRACTOR represents and warrants that the person executing this Contract for CONTRACTOR is an authorized agent who has actual authority to bind CONTRACTOR to each and every term, condition, and obligation of this Contract and that all requirements of CONTRACTOR have been fulfilled to provide such actual authority.

**57.0 WAIVER**

No waiver by COUNTY of any breach of any provision of this Contract shall constitute a waiver of any other breach or of such provision. Failure of COUNTY to enforce at any time, or from time to time, any provision of this Contract shall not be construed as a waiver thereof.

**58.0 ARM'S LENGTH NEGOTIATIONS**

This Contract is the product of COUNTY's competitive procurement and an arm's length negotiation between CONTRACTOR and COUNTY. Each party has had at all times the opportunity to receive advice from independent counsel of its own choosing. This Contract is to be interpreted fairly as between the parties, and not strictly construed as against either party as drafter or creator.

**59.0 SYSTEM USE**

Following installation by CONTRACTOR and prior to final acceptance by COUNTY, COUNTY shall have the right, subject to the terms and conditions of the Contract to use, in a production use mode, any completed portion of CONTRACTOR's system and services provided hereunder, without any additional cost to COUNTY where COUNTY determines that it is necessary for COUNTY operations.

## **60.0 REMEDIES NOT EXCLUSIVE**

Unless expressly stated to the contrary, the rights and remedies of either party set forth in the Contract are not exclusive of any other rights and remedies available at law or in equity, or under the Contract.

## **61.0 DISPUTE RESOLUTION PROCEDURE**

- 61.1 CONTRACTOR and COUNTY agree to act promptly and diligently to mutually resolve any disputes which may arise with respect to this Contract. All such disputes shall be subject to the provisions of this Paragraph 61.0.
- 61.2 CONTRACTOR and COUNTY agree that, the existence and details of a dispute notwithstanding, both parties shall continue without delay their performance hereunder, except for any performance which COUNTY, in its sole and absolute discretion, determines should be delayed as a result of such dispute. COUNTY shall continue to pay sums not in dispute, during any such period of continued performance.
- 61.3 If CONTRACTOR fails to continue without delay its performance hereunder which COUNTY, in its sole discretion, determines should not be delayed as a result of such dispute, then any additional costs which may be incurred by CONTRACTOR or COUNTY as a result of CONTRACTOR's failure to continue to so perform shall be borne by CONTRACTOR, and CONTRACTOR shall make no claim whatsoever against COUNTY for such costs. CONTRACTOR shall promptly reimburse COUNTY for such COUNTY costs, as determined by COUNTY, or COUNTY may deduct all such additional costs from any amounts due to CONTRACTOR from COUNTY, whether under this Contract or otherwise.
- 61.4 In the event of any dispute between the parties with respect to this Contract, CONTRACTOR and COUNTY shall submit the matter to their respective Project Managers for the purpose of endeavoring to resolve such dispute. In the event that the Project Managers are unable to resolve the dispute within a reasonable time not to exceed five (5) days from the date of submission of the dispute to them, then the matter shall be immediately submitted to CONTRACTOR's Contract Manager and COUNTY's DOP for further consideration and discussion to attempt to resolve the dispute. If CONTRACTOR's Contract Manager and COUNTY's DOP cannot resolve the dispute, or either one of them determines that they are not making reasonable progress toward resolution of the dispute within five (5) business days after the dispute is first submitted to them, then the issue shall proceed to judicial, contractual, and/or equitable remedies.

- 61.5 The dispute resolution process provided in this Paragraph is a prerequisite to the exercise of any judicial remedies available to the parties, except in cases where a party is seeking injunctive or other equitable relief.
- 61.6 Notwithstanding any other provision of this Contract, COUNTY's right to terminate this Contract pursuant to Paragraph 33.0 (Termination for Insolvency), Paragraph 35.0 (Termination for Improper Consideration), Paragraph 34.0 (Termination for Convenience), or any other termination provision hereunder other than Paragraph 32.0 (Termination for Default) shall not be subject to this Dispute Resolution Procedure. The preceding sentence is intended only as a clarification of COUNTY's rights, and shall not be deemed to impair any claims that CONTRACTOR may have against COUNTY or CONTRACTOR's rights to assert such claims after any such termination or such injunctive relief has been obtained.

## **62.0 NEW TECHNOLOGY**

Without limiting CONTRACTOR's obligation to provide COUNTY updates, extensions, or enhancements in accordance with this Contract, CONTRACTOR and COUNTY acknowledge the probability that the state of the art of the technology provided under this Contract will change and improve during the Term. COUNTY desires the flexibility to incorporate into COUNTY's systems any new technologies, as they may become available. Accordingly, CONTRACTOR's Project Manager shall, promptly upon discovery and on a continuing basis, apprise COUNTY's Project Manager of all new technologies, methodologies, and techniques, that CONTRACTOR has added to its product and solution offerings and considers being applicable to this Contract. Specifically, upon COUNTY's request, CONTRACTOR shall provide, in writing, a description of such new technologies, methodologies and techniques, and shall indicate the advantages and disadvantages of incorporating same into COUNTY's systems, and provide an estimate of the impact such incorporation will have on the performance, scheduling, and price of the applicable COUNTY system. COUNTY, at its discretion, may request that this Contract be amended to incorporate the new technologies, methodologies and techniques into the applicable COUNTY system, pursuant to the provisions of Paragraph 4.0 (Change Notices and Amendments).

## **63.0 PROHIBITION AGAINST INDUCEMENT OR PERSUASION**

Notwithstanding the above, CONTRACTOR and COUNTY agree that, during the term of this Contract and for a period of one year thereafter, neither party shall in any way intentionally induce or persuade any employee of one party to become an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

#### **64.0 PUBLIC RECORDS ACT**

64.1 Any documents submitted by CONTRACTOR; all information obtained in connection with COUNTY's right to audit and inspect CONTRACTOR's documents, books, and accounting records pursuant to Paragraph 49.0 (Record Retention and Inspection/Audit Settlement) of this Contract; as well as those documents which were required to be submitted in response to COUNTY's request during the solicitation process for this Contract, become the exclusive property of COUNTY. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code Section 6250 et seq. (Public Records Act) and which are marked "trade secret", "confidential", or "proprietary". COUNTY shall not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.

64.2 In the event COUNTY is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "trade secret", "confidential", or "proprietary", CONTRACTOR agrees to defend and indemnify COUNTY from all costs and expenses, including reasonable attorney's fees, in action or liability arising under the Public Records Act.

#### **65.0 PUBLICITY**

65.1 CONTRACTOR shall not disclose any details in connection with this Contract to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing CONTRACTOR's need to identify its services and related clients to sustain itself, COUNTY shall not inhibit CONTRACTOR from publishing its role under this Contract within the following conditions:

65.1.1 CONTRACTOR shall develop all publicity material in a professional manner; and

65.1.2 During the term of this Contract, CONTRACTOR shall not, and shall not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of COUNTY without the prior written consent of COUNTY's Project Director. COUNTY shall not unreasonably withhold written consent.

65.2 CONTRACTOR may, without the prior written consent of COUNTY, indicate in its proposals and sales materials that it has been awarded

this Contract with the County of Los Angeles, provided that the requirements of this Paragraph 65.0 shall apply.

**66.0 INTENTIONALLY OMITTED**

**67.0 FORCE MAJEURE**

67.1 Neither party shall be liable for such party's failure to perform its obligations under and in accordance with this Contract, if such failure arises out of fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's Subcontractors), freight embargoes, or other similar events to those described above, but in every such case the failure to perform must be totally beyond the control and without any fault or negligence of such party (such events are referred to in this Subparagraph as "force majeure events").

67.2 Notwithstanding the foregoing, a default by a Subcontractor of CONTRACTOR shall not constitute a force majeure event, unless such default arises out of causes beyond the control of both CONTRACTOR and such Subcontractor, and without any fault or negligence of either of them. In such case, CONTRACTOR shall not be liable for failure to perform, unless the goods or services to be furnished by the Subcontractor were obtainable from other sources in sufficient time to permit CONTRACTOR to meet the required performance schedule. As used in this Subparagraph, the term "Subcontractor" and "Subcontractors" mean Subcontractors at any tier.

67.3 In the event CONTRACTOR's failure to perform arises out of a force majeure event, CONTRACTOR agrees to use commercially reasonable best efforts to obtain goods or services from other sources, if applicable, and to otherwise mitigate the damages and reduce the delay caused by such force majeure event.

**68.0 SURVIVAL**

68.1 The following Paragraphs of the Contract survive its expiration or termination for any reason whatsoever:

- 6.5 Confidentiality
- 7.3 Completion of Contract
- 8.0 Contract Sum
- 10.0 Gratuitous Work
- 11.0 Assignment and Delegation
- 13.0 Compliance with Applicable Law
- 14.0 Compliance with Civil Rights Laws



- 15.0 Conflict of Interest
- 18.0 Contractor Responsibility and Debarment
- 22.0 Employment Eligibility Verification
- 23.0 Fair Labor Standards
- 24.0 Governing Law, Jurisdiction, and Venue
- 25.0 Reports and Records
- 26.0 Independent Contractor Status
- 27.2 Indemnification
- 27.3 Limitation of Liability
- 28.0 General Insurance Requirements
- 29.0 Insurance Coverage Requirements
- 30.0 Non Exclusivity
- 32.0 Termination for Default
- 33.0 Termination for Insolvency
- 34.0 Termination for Convenience
- 44.0 Notices
- 45.0 License, Ownership of Materials, Software and Copyright
- 46.0 Patent, Copyright & Trade Secret Indemnification
- 48.0 Notice of Delays
- 49.0 Record Retention and Inspection/Audit Settlement
- 50.0 CONTRACTOR's Obligation as a Business Associate Under the Health Insurance Portability and Accountability Act of 1996
- 54.0 Validity
- 57.0 Waiver
- 58.0 Arm's Length Negotiations
- 60.0 Remedies Not Exclusive
- 68.0 Survival
- 69.0 Source Code Escrow

## **69.0 SOURCE CODE ESCROW**

- 69.1 **Escrow of Source Code.** As soon as available and continuously during the term of this Contract, CONTRACTOR shall maintain on deposit with a third party escrow agent a complete and accurate copy of the Source Code for the Total Services software. Updated Source Code shall be delivered to the third party escrow agent no less frequently than once every ninety (90) days.
- 69.2 **Right to Verify Source Code.** Regardless of whether one of the Release Conditions described in Subparagraph 69.3 – Release Conditions occurs, COUNTY shall have the right to verify the relevance, completeness, currency, accuracy and functionality of the Source Code by requesting in writing that CONTRACTOR demonstrate to the reasonable satisfaction of COUNTY that the Source Code is relevant, complete, current, accurate and functioning. COUNTY's verification rights under this Subparagraph

69.2 shall not occur more frequently than once per twelve (12) month period.

- 69.3 **Release Conditions.** Upon the occurrence of any of the following events (collectively, "Release Conditions"), COUNTY shall have the right to use the Source Code as provided in Subparagraph 69.4 – Possession and Use of Source Code: (i) CONTRACTOR files a voluntary or involuntary petition for liquidation (but not for reorganization if CONTRACTOR is still providing uninterrupted Total Services to COUNTY) via bankruptcy; (ii) CONTRACTOR makes an assignment for the benefit of creditors; (iii) CONTRACTOR ceases normal business operations without a permitted assignee; (iv) CONTRACTOR ceases providing ongoing support and services in accordance with the "Service Level Agreement" required in Exhibit A.2, Deliverable 2 (Service Level Agreement) without a permitted assignee; (v) CONTRACTOR fails to provide ongoing support and services in accordance with the "Service Level Agreement" required in Exhibit A.2, Deliverable 2 (Service Level Agreement) while COUNTY is paying the applicable fees in accordance with this Contract and such failure continues beyond any applicable cure period and is to such an extent that COUNTY would have the right to terminate the Contract; or (vi) An event occurs and continues past any applicable cure period which would give rise to COUNTY's ability to terminate pursuant to Subparagraph 32.0(Termination for Default) and/or Subparagraph 33.0 (Termination for Insolvency). CONTRACTOR shall submit the agreement between CONTRACTOR and its third party escrow agent, including the third party beneficiary agreement, to COUNTY to enable COUNTY to verify (i) the Release Conditions set forth herein, and (ii) that COUNTY is named as a beneficiary.
- 69.4 **Possession and Use of Source Code.** Upon the occurrence of a Release Condition, COUNTY shall have the right to use and to permit third parties to use the Source Code for the purposes as described under the License (including permitted use by users); provided, however, that COUNTY and such third parties shall maintain the confidentiality of such Source Code in accordance with the applicable terms of this Contract and further provided that COUNTY and the permitted third party users shall use the Source Code for no other purposes. Without limiting any of COUNTY's rights and remedies, as otherwise set forth in this Contract, COUNTY acknowledges that, in the event of any release, it is solely responsible for obtaining the necessary hardware and systems to make use of the Source Code.
- 69.5 Notwithstanding the foregoing, in the event a Release Condition occurs under clause 69.3 above that does not arise under or result from any act or omission of a Subcontractor but which Release Condition would cause the release to COUNTY of Subcontractor's Source Code, then upon notice

to Subcontractor of the pending release of such Source Code, Subcontractor shall have ten (10) days to notify COUNTY and the Escrow Agent of Subcontractor's election to continue to provide the same services directly to COUNTY hereunder as were provided to CONTRACTOR under this Contract. Such services shall be provided under the following conditions: (A) Subcontractor shall become a direct signatory to this Contract with COUNTY for the services provided by Subcontractor; (B) Subcontractor's fees to COUNTY shall be the same fees charged to CONTRACTOR for the same services, subject to applicable terms and conditions as defined in this Contract; and (C) Subcontractor must demonstrate, to COUNTY's reasonable satisfaction, Subcontractor's operational and financial capacity to fully meet the obligations of Subcontractor for the remainder of the term of its agreement with COUNTY. If Subcontractor fails to provide notice to COUNTY of its election to continue its services to COUNTY hereunder, or is otherwise unwilling or unable to satisfy all of the conditions of clause (A)-(C) above, then Subcontractor's Source Code shall be released to COUNTY by the Escrow Agent immediately upon demand by COUNTY.

***End of Terms and Conditions  
Signature Page to Follow***

AMENDED AND RESTATED CONTRACT BY AND BETWEEN  
COUNTY OF LOS ANGELES AND  
AFFILIATED COMPUTER SERVICES, INC. AND BUCK CONSULTANTS, LLC  
FOR ADMINISTRATIVE SERVICES FOR CAFETERIA AND NON-CAFETERIA  
BENEFIT PLANS AND  
ABSENCE MANAGEMENT SERVICES

IN WITNESS WHEREOF, the Los Angeles County Board of Supervisors has caused this Contract to be subscribed by its Mayor and the seal of such Board to be hereto affixed and attested by the Executive Officer thereof, and Contractor has caused this Contract to be subscribed in its behalf by its authorized officer, effective as of the date approved by such Board.

COUNTY OF LOS ANGELES

By: Mike Antonovich  
Mayor, Board of Supervisors



ATTEST:  
SACHI A. HAMAI  
Executive Officer-Clerk of  
the Board of Supervisors

By: Sachelle Smitherman  
Deputy JUN 28 2011

APPROVED AS TO FORM:  
ANDREA SHERIDAN ORDIN  
County Counsel

By: Richard D. Bloom  
Principal Deputy County Counsel

CONTRACTOR  
BUCK CONSULTANTS, LLC

By: Harold A. Hsieh  
Name: Harold A. Hsieh  
Title: Principal  
Date: 6/16/11

AFFILIATED COMPUTER SERVICES, INC.

By: Michael Roberts  
Name: Michael Roberts  
Title: Executive Managing Director  
Date: June 16, 2011

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

22

JUN 28 2011

Sachi A. Hamai  
SACHI A. HAMAI  
EXECUTIVE OFFICER

I hereby certify that pursuant to  
Section 25103 of the Government Code,  
delivery of this document has been made.

SACHIA A. HAMAI  
Executive Officer  
Clerk of the Board of Supervisors

By Sachelle Smithman  
Deputy

JUN 28 2011



IN WITNESS WHEREOF, the Los Angeles County Board of Supervisors has caused this Contract to be signed by its Mayor and the seal of said Board to be hereunto affixed and attested by the Executive Officer thereof, and Contractor has caused this Contract to be signed in its behalf by its authorized officer, effective as of the date approved by said Board.

CONTRACTOR  
BUCK CONSULTANTS, LLC

COUNTY OF LOS ANGELES

Name: Harold A. Jacob  
Title: President  
Date: 6/16/11



Name: Michael Roberts  
Title: Executive Manager, Director  
Date: June 16, 2011

ADOPTED  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

JUN 28 2011

22

SACHIA A. HAMAI  
EXECUTIVE OFFICER

74576 Supplemental Fee 4

**EXHIBIT A.1**

**STATEMENT OF WORK**

**BENEFIT PLAN SERVICES**

## STATEMENT OF WORK

### 1.0 SCOPE OF WORK

The scope of work encompasses third-party administration of the County of Los Angeles flexible benefit programs governed under IRS Section 125 Cafeteria Plans. Of primary interest is a comprehensive transition plan and administration of the following service areas:

- 1.1 Transition plan: Assumption of services from current third party administrator (TPA) and responsibilities upon termination of services
- 1.2 Data base maintenance for represented and non-represented employees and their dependents in the County's four cafeteria benefit plans and two subsidized plans
- 1.3 IVR enrollment system including service for hearing impaired
- 1.4 WEB enabled enrollment system
- 1.5 Employee benefits eligibility processing
- 1.6 Employee benefits enrollment for new hires, newly eligible and full-time temporary or part-time employees
- 1.7 Annual enrollment processing via IVR
- 1.8 Annual enrollment processing via WEB-based/Internet (by October 1, 2004)
- 1.9 Flexible Spending Account administration
- 1.10 Medical Coverage Protection
- 1.11 Employee Direct Billing program
- 1.12 COBRA – Initiation/Notification
- 1.13 HIPAA – Certification
- 1.14 Reports & Notifications

The CONTRACTOR will be required to integrate the above service areas with the County's Auditor-Controller, Treasurer-Tax Collector, Unions and insurance carriers/vendors using batch interface and File Transfer Protocol (FTP), develop

work plans and schedules for meeting the various timeframes involved and administer the day-to-day operation of the County's flexible benefit programs. Service integration with the County unions involves receiving data from the one-on-one enrollment vendors. It is anticipated that the required services will be performed by one entity and that the following business and processing requirements are performed for all service areas.

## **2.0 BUSINESS REQUIREMENTS**

### **2.1 Transition Plan - Assumption of Services from Current TPA**

- 2.1.1 Provide transitional services prior to the system go live date. The CONTRACTOR shall not receive any fees under this contract until after the County has received the certificate described in Section 2.1.4 of this Exhibit A.1 or the implementation date, whichever is later.
- 2.1.2 Provide written transitional status reports to the DHR Plan Administrator at intervals not to exceed once a week, until transition period is complete.
- 2.1.3 The CONTRACTOR shall accomplish the following tasks during the transitional period:
  - 2.1.3.1 Prepare a timeline detailing all steps necessary to transition all employee records to database. Include tasks, responsibilities, and interdependencies such as conversions of current elections history;
  - 2.1.3.2 Establish contact with all appropriate entities: County, current County TPA, Unions, and insurance carrier staff involved with transmittal of interface data;
  - 2.1.3.3 Take receipt of current TPA's participant files and records;
  - 2.1.3.4 Build participant database;
  - 2.1.3.5 Satisfactorily test and demonstrate required online inquiry and report generation capabilities utilizing initial participant database;
  - 2.1.3.6 Provide a transition schedule for CONTRACTOR to satisfactorily test and demonstrate required system capabilities for all processes and procedures described herein, to ensure CONTRACTOR'S system can accept



- any input and output in order to meet all service requirements; and
- 2.1.3.7 Satisfactorily test and demonstrate a disaster recovery plan that was successful under a full load stress test. Describe the disaster recovery procedures and the length of time the recovery will require.
- 2.1.4 Provide the County with written certification indicating that CONTRACTOR is able to assume all responsibilities contained in the contract.
- 2.1.5 Validate flexible spending account participant balances to current TPA's balances as of close of business December 31, 2003.

## **2.2 Transition Plan – Responsibilities Upon Termination**

Upon expiration or termination of the contract or in the event that the County elects not to renew the contract at the end of its term, or otherwise terminates the contract for default, convenience or insolvency, the CONTRACTOR shall fully cooperate with the County to provide for the transition to whatever service replacement method the County determines to be in its best interest.

- 2.2.1 For two (2) months prior to the expiration or nonrenewal of the Contract in the ordinary course of business; (b) for two months following the effective date of termination of the Contract upon COUNTY'S termination pursuant to Section 32.0 (Termination for Default); and (c) for two months following the effective date of notice of termination by COUNTY for any reason other than a termination pursuant to Section 32.0, the CONTRACTOR shall provide to the County, and to any other entity designated by the County, an orientation to ensure a smooth transition to a New Third Party Administrator (New TPA). The CONTRACTOR shall make provisions for inspection and observation of work procedures during the transition period. In addition, the CONTRACTOR shall explain and return to the County, the Materials described in Section 7.3 of the Contract.
- 2.2.2 Data requirements of the County to affect this transition/conversion to a New TPA include, but are not limited to the following:
  - 2.2.2.1 File descriptions and narratives for all input and output files as will be mutually agreed to between the CONTRACTOR and the County will be made available. The CONTRACTOR agrees to provide all information that resides in the CONTRACTOR'S computer files

relating to County participant record, including individual participant record history that the County requires for the transition and for the permanent records of the County.

- 2.2.2.2 Sub-contracted procedures or third-party agreements shall be fully documented by the CONTRACTOR, and all files and source documents shall also be made available.

## **2.3 Database Maintenance**

- 2.3.1 Provide real time online access seven (7) days per week to current employee and historical database(s) with data capture and reporting capabilities, for DHR approved users, between the hours of 5:00 a.m. to 12:00 midnight Pacific Standard Time.
- 2.3.2 Scheduled database maintenance must be performed during hours of 12:00 midnight to 5:00 a.m. unless pre-approved by DHR.
- 2.3.3 Provide real time online update and daily batch update capability to ensure access to current data maintained by the CONTRACTOR.
- 2.3.4 Employee record(s) must be able to contain expanded information relating to, but not limited to:
  - A. Employee name
  - B. Employee number
  - C. Social Security number
  - D. Address
  - E. Telephone
  - F. Gender
  - G. Birth date
  - H. Marital status
  - I. Benefit eligibility
  - J. Key dates
  - K. Department
  - L. Item number
  - M. Item number sub
  - N. Salary
  - O. Payroll location
  - P. Work location
  - Q. Bargaining unit
  - R. New hire, newly eligible, and annual election history for benefits such as:
    - 1) Medical coverage
    - 2) Dental coverage

EXHIBIT A.1 – STATEMENT OF WORK  
BENEFIT PLAN SERVICES

- 3) Life insurance
- 4) Accidental Death and Dismemberment
- 5) Short Term Disability
- 6) Long Term Disability
- 7) Medical Protection Coverage
- 8) Survivor Insurance Benefit
- 9) Annual elective leave
- 10) Tobacco user fee (Administration Fee)
- 11) Health Care Spending Account
- 12) Dependent Care Spending Account
- 13) Dependent(s) and domestic partner coverage

2.3.5 System must have ability to interface with internal and external organizations and systems through paper batch, tape, diskette, and FTP data transmission as determined by organization.

Organizations include:

- A. Auditor-Controller (A/C)
- B. Chief Administrative Office (CAO)
- C. Treasurer and Tax Collector (TTC)
- D. Department of Human Resources (DHR)
- E. Multiple medical, dental and life insurance plan carriers
- F. Multiple Union benefit plan administrators
- G. Workers compensation TPA
- H. Union sponsored one-on-one enrollment vendors

Systems include:

- A. A/C Payroll
- B. A/C Personnel
- C. Workers Compensation

## **2.4 Interactive Voice Response (IVR) System**

The County's IVR uses touch-tone telephone input and interacts with a database to acquire information from or enter data into the employee database. This system will require design effort for both the hardware and software interface with computing systems and for the scripting of the menus presented to the callers in order to provide and obtain caller specific information.

Initial design must consider the application, staffing available, expected call volumes, potential for growth and user acceptance. The IVR telephone enrollment is used by all employees to record and process annual benefit enrollment election input as well as ongoing benefit enrollment election input for non-represented new hire/newly eligible employees eligible for cafeteria benefit plans, and represented and non-

represented employees eligible for subsidized medical plans. The IVR design requirements include, but are not limited to:

- 2.4.1 Accessibility 365 days a year between the hours of 5:00 a.m. and midnight;
- 2.4.2 Ability to interact with database(s) to obtain and enter data;
- 2.4.3 Ability to provide employees with specific election options;
- 2.4.4 Specific script development for all benefit options available through the County's four (4) cafeteria plans and two (2) non-cafeteria medical plan only enrollments;
- 2.4.5 Daily updating of the online database with employee benefit election information;
- 2.4.6 Follow up correspondence as specified in the employee benefit enrollment process detailed in Section 2.7.1.4, of this Exhibit A.1;
- 2.4.7 Capability to provide pre-determined daily, weekly, or as needed, activity reports to DHR and other DHR-approved agencies; and
- 2.4.8 The system will also comply with and support all pertinent aspects of the Americans with Disabilities Act including un-manned automated capabilities for content, LAN or internet, or interactive applications. For example, TTY compatibility must allow a TTY user to access information via TTY device, without ever needing staff intervention or relay service.

## **2.5 WEB Enabled Enrollment System**

The WEB enabled enrollment system must allow employees the option of selecting their benefit elections through a secured internet environment. The input must interact with the database and provide real time edit, validation, notification, and confirmation information to the enrollee. The system will require design effort for the creation of the menus and screens presented to enrollers in order to provide and obtain specific information. Initial design must consider the application, staffing available, expected call volumes, potential for growth and user acceptance. The WEB enabled enrollment will be available to all employees to record and process annual benefit enrollment election input, as well as ongoing benefit enrollment election input, for non-represented new hire/newly eligible employees and represented and non-represented employees eligible for subsidized medical plans. The WEB design requirements include, but are not limited to:

- 2.5.1 Ability to interact with database(s) to obtain and enter data;
- 2.5.2 Ability to provide employees with specific election options;
- 2.5.3 Specific screen development for all benefit options available through the County's four (4) cafeteria plans and two (2) subsidized plans;
- 2.5.4 Real time updating of the online database with employee benefit election information.
- 2.5.5 Follow up correspondence as specified in the employee benefit enrollment process detailed in Section 2.7.1.4, of this Exhibit A.1; and
- 2.5.6 Capability to provide pre-determined daily, weekly, or as needed, activity reports to DHR and other DHR-approved agencies.

## **2.6 Employee Benefits Eligibility**

The County currently offers four (4) cafeteria plans and two (2) subsidized "medical only" benefit plans. The CONTRACTOR'S system must also have the capacity and capability to establish additional cafeteria and subsidized benefit plans based on future requirements. Eligibility processing will include, but not be limited to, the following:

### **2.6.1. Processing the following benefit eligibility events:**

- 2.6.1.1 New Hires, re-hires, and re-employments;
- 2.6.1.2 Terminating/retiring employees;
- 2.6.1.3 Participants transferring eligibility from one plan to another;
- 2.6.1.4 Initial establishment and maintenance of participant information;
- 2.6.1.5 Activation and termination of coverage for participants, spouses, dependents, domestic partners and any other persons deemed eligible or ineligible;
- 2.6.1.6 Activation and termination of coverage for survivors (former dependents of participants that are not allowed to continue their benefit coverage); and

- 2.6.1.7 Initiation of COBRA notification and billing when an individual's coverage is terminated due to a COBRA qualifying life event change.
- 2.6.2 Maintaining multiple eligibility dates for different benefit options based on differing rules.
- 2.6.3 Employee notification of benefit plan eligibility.
- 2.6.4 Notification to DHR when employees' eligibility is beginning or changing.
- 2.6.5 Determine employee benefit plan eligibility as well as individual benefit eligibility based on criteria such as:
  - A. Bargaining union
  - B. Employment status
  - C. Job classification
  - D. Effective date
  - E. Date of hire
  - F. Age
  - G. LTD status
- 2.6.6 Prevent employees from being enrolled in a plan for which they are not eligible. Allow override capability for rare exception processing authorized by DHR.
- 2.6.7 Notify employees when additional documentation is required and provide forms as necessary. Notify DHR when additional documentation is not provided as required.

## **2.7 Employee Benefits Enrollment**

New hire and newly eligible employee data will be transmitted to the CONTRACTOR by the County Auditor-Controller on a weekly basis. The CONTRACTOR must create/update the employee record(s) on the database and initiate the enrollment process, within 24 hours of receipt, by segregating and processing the information into three (3) categories as outlined in 2.7.1, 2.7.2 and 2.7.3. The process for recertifying part-time employee enrollment eligibility is explained in 2.7.4.

### **2.7.1 New Hires/Newly Eligible Employees – Non-represented**

- 2.7.1.1 Within 24 hours of receipt, creates a personalized election form for each employee and mails enrollment package to address on file.

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- 2.7.1.2 Provides toll-free IVR benefit election capability to employees and updates employee database records based on employee action.
- 2.7.1.3 Provides web based benefit election capability to employees and updates employee database records based on employee action.
- 2.7.1.4 Generates and distributes follow-up correspondence to employees confirming and verifying certain employee elections which include, but are not limited to:
  - A. Dependent status and required certification
  - B. Waiver of medical and dental information
  - C. Domestic partner registration
  - D. Survivor Income Benefit dependent information
  - E. Waiver of pensionability certification
- 2.7.1.5 Updates employee database record based on final employee input.
- 2.7.1.6 Generates and mails correspondence reflecting final confirmation of employee benefit selections and costs.
- 2.7.1.7 Creates appropriate transactions and submits to County's payroll system and the insurance carriers to activate benefit selections and enrollments in accordance with established monthly input schedule.
- 2.7.2 New Hires/Newly Eligible Employees – Employees represented by S.E.I.U. Local 721 and eligible for Options cafeteria benefits or represented by the Coalition of County Unions and eligible for Choices cafeteria benefits.
  - 2.7.2.1 Provides a listing of employees, with pertinent information, to the Local 721 contracted Options one-on-one enrollment vendor or the Coalition of County Unions contracted Choices one-on-one enrollment vendor.
  - 2.7.2.2 Processes monthly employee benefit selection file from Union-sponsored (Options and Choices) one-on-one enrollment vendors.
  - 2.7.2.3 Updates employee database records based on input file pending participant certification documents for dependents, such as marriage and birth certificates.

EXHIBIT A.1 – STATEMENT OF WORK  
BENEFIT PLAN SERVICES

- 2.7.2.4 Generates and mails follow-up correspondence to employees confirming and verifying employee elections including, but not limited to: dependent status and required certification; waiver of medical and dental information; and domestic partner registration.
  - 2.7.2.5 Updates employee database records based on final employee input.
  - 2.7.2.6 Generates and mails correspondence reflecting final confirmation of employee benefit selections.
  - 2.7.2.7 Creates appropriate transactions and submits to County's payroll system and the insurance carriers to activate benefit selections and enrollments in accordance with established monthly input schedule.
- 2.7.3 Newly Eligible Full-Time Temporary or Part-Time Employees
- 2.7.3.1 Creates a personalized medical only election form and mails enrollment package to address on file for each employee.
  - 2.7.3.2 Provides toll-free IVR election capability to employees.
  - 2.7.3.3 Provides web base election capability to employees.
  - 2.7.3.4 Updates employee database record based on employee action pending receipt of additional required participant information.
  - 2.7.3.5 Generates and mails follow-up correspondence to employee's confirming and verifying employee elections, dependent status and required certification.
  - 2.7.3.6 Updates employee database record based on final employee input.
  - 2.7.3.7 Generates and mails correspondence reflecting final confirmation of employee benefit selections.
  - 2.7.3.8 Creates appropriate transactions and submits to Auditor-Controller and the insurance carriers to activate benefit selections and enrollments in accordance with established monthly input schedule.



2.7.4 Continued or Canceled Enrollments for Part-Time Employees

- 2.7.4.1 Updates employee database record annually based on the Auditor-Controller's report of eligibility for the new fiscal year.
- 2.7.4.2 Generates and mails correspondence to employees confirming continued enrollments or cancellation of benefits for the new fiscal year.
- 2.7.4.3 Creates appropriate transactions and submits to the Auditor-Controller and the insurance carriers to cancel benefit selections for the month beginning in the new fiscal year.

**2.8 Annual Enrollment**

The Annual benefits enrollment process usually extends from October 1<sup>st</sup> through October 31<sup>st</sup> and includes all eligible employees. CONTRACTOR must, however, have the capability to adjust enrollment periods and perform multiple enrollment processes.

2.8.1 The CONTRACTOR initializes the Annual Enrollment files and records based on the FTP payroll file received from the Auditor-Controller annually on, or about, September 15.

2.8.2 All Eligible Full-Time Permanent Employees

- 2.8.2.1 Within three (3) days of receipt of the Auditor-Controller file, the CONTRACTOR creates a personalized election form for each employee, separated in pre-determined groups, and delivers forms to County's communications consultant.
- 2.8.2.2 Provides toll-free IVR election capability to employees.
- 2.8.2.3 Provides web based election capability to employees.
- 2.8.2.4 Updates employee database record based on employee action pending additional participant information requirements.
- 2.8.2.5 Within 2 working days of the employee's confirmed election, generates and mails follow-up correspondence to employees confirming and verifying certain employee

EXHIBIT A.1 – STATEMENT OF WORK  
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elections. These notifications contain a code which is stored in a document tracking system to aid DHR in responding to employee inquiries. Notification correspondence includes, but is not limited to:

- A. Spending Account Plan information booklet
- B. Medical and Dental Waiver Certification form
- C. Dependent Enrollment and Coverage Information form
- D. Confirmation of benefit selection statement
- E. Declaration, Change, or Termination of Domestic Partnership Certification form
- F. Incomplete Dependent or Waiver Certification
- G. SIB eligibility certification

- 2.8.2.6 Updates employee database record based on final employee input.
- 2.8.2.7 Generates and mails correspondence reflecting final confirmation of employee benefit selections.
- 2.8.2.8 Creates appropriate transactions and submits to County's payroll system to activate benefit selections in accordance with established monthly input schedule.

2.8.3 Eligible Full-Time Temporary and Part-Time Employees

- 2.8.3.1 Creates a personalized medical only election form and mails enrollment package to address on file for each employee.
- 2.8.3.2 Provides toll-free IVR election capability to employees.
- 2.8.3.3 Provides web base election capability to employees.
- 2.8.3.4 Updates employee database record and completes employee enrollment process based on employee action.
- 2.8.3.5 Generates and mails correspondence reflecting final confirmation of employee benefit selections.
- 2.8.3.6 Creates appropriate transactions and submits to Auditor-Controller to activate benefit selections in accordance with established monthly input schedule.

## **2.9 Life Event Changes**

Employees, insurance carriers, County approved agencies and DHR, send benefits and/or dependent status changes, domestic partner enrollments, changes or termination forms, demographic data changes and other miscellaneous change information to the CONTRACTOR. CONTRACTOR processing of changes include, but are not limited to:

- 2.9.1 Key and verify change requests received by the 20<sup>th</sup> of the month and update onto the system by the end of the month.
- 2.9.2 Report to DHR, or mail follow-up correspondence to employees of incomplete or non-qualifying requests for change.
- 2.9.3 Generate and mail correspondence confirming employee benefit changes and costs.
- 2.9.4 Creates appropriate transactions and submits to County payroll system and the insurance carriers to activate benefit selections and enrollments in accordance with established monthly input schedule.

## **2.10 Flexible Spending Accounts Program Administration**

The CONTRACTOR provides ongoing administration of two (2) IRS Section 125 flexible spending accounts - Health Care and Dependent Care. Each account requires the maintenance and processing of 18 month's of claim submissions for each 12 month plan year. CONTRACTOR administrative responsibilities include, but are not limited to:

- 2.10.1 Mail spending account kits to each participant upon enrollment. Mail additional booklets upon request from potential participants;
- 2.10.2 Initialize and maintain multiple plan year employee account;
- 2.10.3 Provide daily toll-free customer service access for participants and prospective participants from 8:00 a.m. to 6:00 p.m. Pacific Standard Time;
- 2.10.4 Provide web based access to employees for account activity and balances;
- 2.10.5 Receive and process transmission of participant automated monthly contribution from County Auditor-Controller;
- 2.10.6 Perform complete processing of participant claim forms;

2.10.7 Submit detailed request for funds to DHR to cover approved claims twice a month;

2.10.8 Print and mail claim reimbursement payments out of pre-established County bank account twice a month. For claims received by the 10<sup>th</sup> of the month, checks are mailed for receipt by participant by the end of that month. For claims received between the 10<sup>th</sup> and 26<sup>th</sup> of the month, checks are mailed for receipt by participant by the 15<sup>th</sup> of the following month;

2.10.9 Perform monthly reconciliation of County bank account with full disclosure provided to DHR; and

2.10.10 Mail quarterly statement of account activity and balances to each participant.

## **2.11 Medical Protection Coverage (MPC) Program**

CONTRACTOR is responsible for identifying employees who are receiving Long-Term Disability (LTD) benefits by the LTD TPA and have purchased the Medical Protection Coverage (MPC) benefit. These employees are on leaves of absence without pay. CONTRACTOR responsibilities include, but will not be limited to:

2.11.1 Within 24 hours of receipt of County's LTD TPA's FTP transmission, identify and update employee record(s) with:

- Start date of disability
- Start date of disability benefits
- End date of approved disability benefits

2.11.2 Once an employee is out-of-service and continues to be eligible for MPC, the CONTRACTOR must continue to identify these employees as eligible for the MPC benefit. This monthly process will continue until the employee becomes ineligible for the MPC program or reaches 65 years of age, whichever occurs first. (See Section 2.12 for billing process).

## **2.12 Employee Direct Billing Program**

CONTRACTOR will be responsible for billing employees who do not have their benefit premiums automatically deducted from their paycheck. These employees are usually on an unpaid leave of absence or are receiving LTD benefits. CONTRACTOR responsibilities include, but will not be limited to:

2.12.1 Within 2 working days of receipt, review and process mid-month transmission of participant automated monthly contribution (and non-contribution) data from County Auditor-Controller.

2.12.2 Identify employees who do not have their insurance premiums automatically deducted from their paycheck, and generate bills (statements to collect) based on employee's eligibility to receive MPC benefit.

2.12.2.1 MPC Eligible (described in Section 2.11, above)  
Prepare and mail statement to collect 25% of medical premium and 100% of all other insurance premiums.

2.12.2.2 All Others  
Prepare and mail statement to collect 100% of all insurance premiums.

All statements to collect will include instructions to remit payment directly to the County Treasurer within a pre-determined deadline.

2.12.3 Update employee database in accordance with payment information received daily from the Treasurer's office via email

2.12.4 Identify employees who do not submit payment, and process as ineligible for benefits.

2.12.5 Produce and distribute notification to participants of benefit cancellation and related COBRA rights.

## **2.13 COBRA Notification**

The following procedures are subject to amendment in accordance with any change in legal/regulatory requirements.

### **New Hires**

Within the time frames established by CONTRACTOR and DHR, generate and mail initial notification explaining to the employee, spouse, and dependents their full rights under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), as amended.

### **Newly Eligible for COBRA Benefit**

Within the time frames established by CONTRACTOR and DHR, generate and mail personalized COBRA notices and election forms to employee, spouse and dependents based on qualifying COBRA events.

**2.14 HIPAA Certification of Group Health Plan Coverage**

The following procedures are subject to amendment in accordance with any change in legal/regulatory requirements.

HIPAA certificates are generated and mailed to participants when:

- 2.14.1 An employee terminates employment;
- 2.14.2 Spouse loses coverage due to divorce;
- 2.14.3 A domestic partnership is terminated; or
- 2.14.4 An overage dependent becomes ineligible for coverage.

**2.15 Reports/Notifications**

2.15.1 Provide all required reports on a pre-determined basis. Reports will be delivered in hardcopy, disc, CD or other electronic media as required.

2.15.2 Provide capability to generate ad hoc reports with specialized reporting requirements.

**2.16 Health Care Financing Administration (HCFA) Electronic Media Questionnaire**

The annual Data Match Employer questionnaire is the Medicare procedure for identifying those individuals covered by an employer's health plan for whom Medicare paid claims as the primary payer. The CONTRACTOR will be responsible for interfacing with both the HCFA and the Auditor-Controller to obtain the information needed to match and output the required questionnaire information.

**2.17 Other**

2.17.1 CONTRACTOR shall furnish all personnel, transportation, supplies, equipment, materials and other items necessary to perform all services as outlined within this Statement of Work.

2.17.2 After the initial implementation, key CONTRACTOR personnel must be available to participate in two or more meetings with County staff per month, either in person or via teleconferencing, upon the County's request without additional cost to the County. During the annual enrollment period, meetings may be more frequent.

2.17.3 CONTRACTOR may be requested to attend meetings with the joint labor/management committees: Benefits Administration Committee

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(BAC), and Employee Benefits Administration Committee (EBAC). These will only occur should the need arise.

- 2.17.4 Provide printing services for the “Change of Family Status” (for life event changes) and “Employee Benefits Adjustment Record” forms for each eligibility plan.
- 2.17.5 Maintain adequate supplies of all “generic” correspondence: domestic partnership enrollment and termination packets, COBRA notices, miscellaneous inserts for various employee enrollments (i.e. Part-time, Special Handling, etc).
- 2.17.6 Maintain inventory for enrollment materials for New Hire/Eligible IVR enrollment, Part-time enrollment and Flexible Spending Account Kits and Booklets. This includes all applicable guides, inserts and mailing envelopes.
- 2.17.7 Provide all hardware and software required to fulfill all responsibilities contained in this Statement of Work.
- 2.17.8 Provide daily courier service between CONTRACTOR'S office and such County offices as designated by DHR. CONTRACTOR shall pay the costs of such services out of its own resources.
- 2.17.9 CONTRACTOR shall pay all postage costs associated with all services rendered with the exception of postage for mailing annual enrollment benefit packets.

**2.18 Security, Access and Confidentiality**

- 2.18.1 The County is the owner of all data files maintained by the CONTRACTOR with respect to services provided in accordance with the Contract. The CONTRACTOR shall be the custodian of such data and shall make such data available to the County upon request by the CCA at such times as are reasonable. The CONTRACTOR shall return all data upon termination of this Contract and shall not retain copies of said data.
- 2.18.2 The County's authorized representatives (including certain union organizations authorized by the County) shall be permitted access to certain files used for the performance of the Contract. Such access shall be made available without charge and access shall not be denied by CONTRACTOR for any reason.
- 2.18.3 CONTRACTOR shall initiate safeguards to ensure the protection of confidentiality of County information. Confidentiality shall be

maintained with respect to routing and handling of County employee documents and magnetic media. CONTRACTOR shall implement employment policies and procedures which enforce the confidential treatment of County information. CONTRACTOR shall store County documents in a secure location which is restricted to public access.

2.18.4 CONTRACTOR shall conduct a magnetic back-up of all County data files and store the information or back-up files in an environment off-site of CONTRACTOR premises that will prevent destruction of back-up tapes. CONTRACTOR shall conduct back-up procedures no less frequently than once per week. CONTRACTOR shall select a storage facility that is not less than three miles in radius from the CONTRACTOR'S facility. CONTRACTOR shall provide written notice to the CCA stating name, address and data access codes of the off-site storage vendor. CONTRACTOR shall designate the County Auditor-Controller and its authorized representatives with the authority and entitlement to obtain access to any County information in storage with the off-site vendor.

2.18.5 CONTRACTOR shall deposit a master copy of all source code programs used for the administration of County programs with a third party escrow agent to be selected by the CONTRACTOR and approved by the County, such approval not to be unreasonably withheld. Such escrow agreement will provide for the release of escrow in the event of CONTRACTOR'S bankruptcy. .

## **2.19 Right to Amend Plan**

From time to time, the County may modify or amend the Flexible Benefit, MegaFlex, Choices or Options plans. CONTRACTOR agrees to make reasonable modifications to the source code programs and administrative procedures to accommodate plan changes, which modifications or amendments will be implemented as promptly as practicable, taking into consideration CONTRACTOR'S time to implement in relation to COUNTY'S need to provide such plans to its participant community.

## **3.0 RESPONSIBILITIES**

The County's and CONTRACTOR'S responsibilities are as follows:

### **3.1 COUNTY**

The County shall administer the Contract according to Section 5.0 of the Contract. Specific duties will include:



- 3.1.1 Monitoring the CONTRACTOR'S performance in the daily operation of this Contract.
- 3.1.2 Providing direction to the CONTRACTOR in areas relating to policy, information and procedural requirements.
- 3.1.3 Preparing Change Notices in accordance with the Contract, Section 4.0 Changes and Amendments.

### 3.2 **CONTRACTOR**

- 3.2.1 CONTRACTOR shall provide a full-time Contract Manager or designated alternate.
- 3.2.2 The Contract Manager shall act as a liaison for the CONTRACTOR in coordinating the performance under the contract.
- 3.2.3 The Contract Manager/alternate shall have authority to act for CONTRACTOR on all matters relating to the daily operation of the Contract. Contract Manager/alternate shall be able to effectively communicate, in English, both orally and in writing.

#### 3.2.4 **Other CONTRACTOR Personnel**

- 3.2.4.1 CONTRACTOR shall assign a sufficient number of employees to perform the required work under this contract. **At least one employee on site shall be authorized to act for CONTRACTOR in every detail and must speak and understand English.**
- 3.2.4.2 All personnel providing services in conjunction with the Contract will be required to sign an Employee Acknowledgement, Confidentiality and Copyright Assignment Agreement as set forth in Exhibit C.1 of the Contract. During the term of the Contract, the CONTRACTOR shall maintain an updated file of the signed forms and shall forward copies of all signed forms to DHR's Contract Administrator.

#### 3.2.5 **CONTRACTOR Employee Acceptability**

- 3.2.5.1 Personnel assigned by the CONTRACTOR to perform the required services shall at all times be employees of the CONTRACTOR. The CONTRACTOR shall have the sole right to hire, suspend, discipline or discharge them. However, any employee of the CONTRACTOR assigned

to the County's contract who, in the opinion of DHR is unsatisfactory, shall immediately be removed from servicing the contract. The CONTRACTOR shall not subcontract with any personnel for performance of services hereunder unless the provisions in Section 13.0 of the Contract are met.

- 3.2.5.2 The CONTRACTOR shall be responsible for immediately removing and replacing within twenty-four (24) hours any employee working on this contract when requested to do so by DHR's Contract Administrator.

### **3.2.6 Materials and Equipment**

The purchase of all materials/equipment to provide the needed services is the responsibility of the CONTRACTOR. CONTRACTOR shall use materials and equipment that are safe for the environment and safe for use by the employee.

### **3.2.7 CONTRACTOR'S Office and Hours of Operation**

CONTRACTOR shall maintain an office with a telephone in the company's name where CONTRACTOR conducts business. The office shall be staffed at a minimum during the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, by at least one employee who can respond to inquiries and complaints which may be received about the CONTRACTOR'S performance of the Contract. In any case, CONTRACTOR shall maintain days and hours of operation and staffing sufficient to complete all services in a timely manner.

## **4.0 CONTINGENCY PLAN**

CONTRACTOR shall have in place a contingency disaster plan.

## **5.0 INVOICES**

CONTRACTOR shall prepare, and submit by the 15<sup>th</sup> business day of the month, monthly invoices for the work performed the previous month. The invoices shall be prepared in a manner as instructed by DHR. Invoice processing and payment is described in Section 8.5 of the Contract.

## **6.0 USE OF COUNTY SEAL AND DHR'S LOGO**

CONTRACTOR shall not use or display the official seal of the County or DHR's logo on any of its letterheads or other communications for any reason.

## **7.0 HOLIDAYS**

The following are the usual County observed holidays:

- New Year's Day
- Martin Luther King, Jr.'s Birthday
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veteran's Day
- Thanksgiving Day
- Friday after Thanksgiving Day
- Christmas Day

## **8.0 DEFINITIONS**

- 8.1 Acceptable Quality Level (AQL): A measure to express the allowable leeway or variance from a standard before DHR will make a finding that the CONTRACTOR is not in compliance with a specific contract provision.
- 8.2 Performance Requirements Summary (PRS): Identifies the key performance indicators of the contract that will be evaluated by the County to assure the CONTRACTOR (see Appendix 1 - PRS to Exhibit A.1) meets contract performance standards.
- 8.3 User Complaint Forms and Contract Discrepancy Reports: Documents used by DHR to document discrepancies or problems with CONTRACTOR'S performance; to record explanations of unsatisfactory performance, corrective action taken, and plans to prevent recurrence by the CONTRACTOR and to record action taken by DHR as a result of its evaluation of the CONTRACTOR'S performance.

## **9.0 PERFORMANCE REQUIREMENTS SUMMARY**

### **9.1 Purpose**

The purpose of Appendix 1 is to:

- 9.1.1 List the required services which will be monitored by DHR during the term of this Contract (Column 1);
- 9.1.2 Identify the performance standards for satisfactory performance (Column 2);

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BENEFIT PLAN SERVICES

- 9.1.3 Indicate the maximum allowable degree of deviation from a standard for each requirement (acceptable quality level, AQL) that shall be allowed by DHR before contract performance is considered unsatisfactory (Column 3);
- 9.1.4 Explain the quality monitoring method DHR will use to evaluate the CONTRACTOR'S performance in meeting the contract requirements (Column 4);
- 9.1.5 Indicate the monetary deduction for exceeding the maximum deviation for the standard (Column 5).

All listings of services used in the Performance Requirements Summary (PRS) are intended to be completely consistent with the Contract and the Statement of Work (SOW), and are not meant in any case to create, extend, revise, or expand any obligation of CONTRACTOR beyond that defined in the Contract and the SOW. In any case of apparent inconsistency between services as stated in the Contract and the SOW and this PRS, the meaning apparent in the Contract and the SOW will prevail. If any service seems to be created in this PRS which is not clearly and forthrightly set forth in the Contract and the SOW, that apparent service will be null and void and place no requirement on CONTRACTOR.

When CONTRACTOR'S performance does not conform with the requirements of this Contract, the County will have the option to apply the following non-performance remedies:

- 9.1.6 Require CONTRACTOR to implement a formal corrective action plan, subject to approval by the County. In the plan, the CONTRACTOR must include reasons for the unacceptable vffff level, and monitoring methods to prevent recurrence.
- 9.1.7 Reduce payment to CONTRACTOR by a computed amount based on the deviation expense(s) in the PRS. The deviation expense(s) will not apply for any deviation attributable to a condition described in Section 32.4 in the Contract.
- 9.1.8 Reduce, suspend or cancel this Contract for systematic, deliberate misrepresentations or unacceptable levels of performance.
- 9.1.9 Failure of the CONTRACTOR to comply with or satisfy the request(s) for improvement of performance or to perform the neglected work specified within ten (10) working days shall constitute grounds for the County to pursue remedies as described in Sections 32.1.4 and 32.2 of the Contract.

This section does not preclude the County's right to terminate the contract upon thirty (30) days written notice without cause, as provided for in the Contract, Section 34.0, "Termination for Convenience."

## **10.0 QUALITY ASSURANCE PLAN**

The County will evaluate the CONTRACTOR'S performance under this Contract using the quality assurance procedures specified in the Performance Requirements Summary or other such procedures as may be necessary to ascertain CONTRACTOR compliance with this contract. DHR will appropriately document any contract compliance deficiencies and communicate them in writing to CONTRACTOR in a timely fashion so that the CONTRACTOR may make appropriate adjustments to correct the deficiencies. The CONTRACTOR'S Contract Manager and DHR's Contract Administrator shall meet as often as necessary, as determined by DHR, to discuss the CONTRACTOR'S performance. A mutual effort will be made to resolve all problems and deficiencies identified during the term of the contract.

### **10.1 Contract Discrepancy Report**

Verbal notification of a Contract discrepancy will be made to the Contract Project Manager as soon as possible whenever a Contract discrepancy is identified. The problem shall be resolved within a time period mutually agreed upon by the County and the CONTRACTOR. The County Contract Administrator will determine whether a formal Contract Discrepancy Report shall be issued. Upon receipt of this document, the CONTRACTOR is required to respond in writing to the County Contract Project Monitor within five (5) workdays, acknowledging the reported discrepancies or presenting contrary evidence. A plan for correction of all deficiencies identified in the Contract Discrepancy Report shall be submitted to the County Contract Project Monitor within ten (10) working days.

### **10.2 County Observations**

In addition to departmental contracting staff, other County personnel may observe performance, activities, and review documents relevant to this Contract at any time during normal business hours. However, these personnel may not unreasonably interfere with the CONTRACTOR'S performance.

**PERFORMANCE REQUIREMENTS SUMMARY (PRS) CHART**

<b>SPECIFIC PERFORMANCE REFERENCE</b>	<b>STANDARD OF PERFORMANCE</b>	<b>MAXIMUM ALLOWED DEVIATION (AQL)</b>	<b>TYPICAL MONITORING METHOD</b>	<b>DEVIATION EXPENSES TO BE ASSESSED</b>
Contract: Section 6.0 – Administration of Contract – Contractor	CONTRACTOR shall notify the County in writing of any change in name and address of the Contract Manager.	None	Inspection & Observation	\$50 per occurrence
Contract: Section 31.1 – Subcontracting	CONTRACTOR shall obtain County's approval prior to subcontracting any work.	None	Inspection and Observation	\$100 per occurrence; possible termination for default of contract
Statement of Work: Section 2.4.1	IVR and WEB system accessible between 6:00 a.m. and 12 mid-night seven days a week, excluding scheduled maintenance time.	.5%	Inspection and User Complaints	\$50 per hour system is down during annual enrollment. \$10 per hour during remainder of year
Statement of Work: Section 2.4.1	IVR and WEB system accessible between 6:00 a.m. and 12 mid-night during last day of annual enrollment.	None	Inspection and User Complaints	\$1000 for each hour or fraction thereof that system is down
Statement of Work: Section 2.7.1	New Hire Enrollment Packets mailed within 48 hours of receipt of Auditor-Controller weekly file.	None	Observation and User Complaints	\$50 per enrollment packet not mailed
Statement of Work: Section 2.13	Send COBRA notifications within established timeframes.	None	Observation and User Complaints	\$10 per day late, per employee
Statement of Work: Section 2.8.2.5	Confirmation letters and supplemental enrollment forms, including Waiver of Pensionability form, mailed out within 2 working days of date of telephone enrollment.	None	Observation and User Complaints	\$10 per day late

APPENDIX 1 TO EXHIBIT A.1  
PRS – BENEFIT PLAN SERVICES

SPECIFIC PERFORMANCE REFERENCE	STANDARD OF PERFORMANCE	MAXIMUM ALLOWED DEVIATION (AQL)	TYPICAL MONITORING METHOD	DEVIATION EXPENSES TO BE ASSESSED
Statement of Work: Section 2.10.8	Spending Account clean claims received by the 10 <sup>th</sup> of the month processed for reimbursed by the end of that month.	None	Observation & User Complaints	\$50 per day per claim for which payment is delayed
Statement of Work: Section 2.10.8	Spending Account clean claims received between the 10 <sup>th</sup> and 26 <sup>th</sup> of the month processed for reimbursed by the 15th of the following month.	None	Observation and User Complaints	\$50 per day per claim for which payment is delayed
Statement of Work: Section 2.12.1	Monthly direct billings mailed out within 2 working days after receipt of appropriate notification	None	Observation and User Complaints	\$10 per day late
	Maintain adequate system capacity to accommodate all clients including the County, so that system does not go down due to overload	None	Observation and User Complaints	\$100 per hour system is down

**County of Los Angeles  
Deliverables for Transition  
System live date January 1, 2004**

**Business Rules/Design**

- On site kick off meeting
- Develop complete contact list of all team members (Mellon, County, vendors, etc.)
- Develop comprehensive project schedule
- Complete conceptual design including process flow charts for all major and recurring processes, updates as appropriate
- Create schedule with specific dates for all status reports
- Develop Plan Provision Document (Rules, design, etc) for 2004 plan year
- Finalize Plan Provision Document with all rules and designs for 2004 plan year

**Planned conversion of existing data from VSAM**

- Meet with existing vendor regarding the conversion of benefit data as of 01-01-2004
- Provide standard for upload of conversion data
- Finalize conversion interfaces and specifications
- Create schedule for data conversion test files from existing vendor and audits by Mellon
- Define test file data issues reconciliation process
- Work with current vendor to test conversion of information
- Receive test files (2)
- Convert test files (2)
- Receive full test file
- Complete data conversion
- On conversion out create data format for new vendor*

**Create working template for the system for enrollment, life events, COBRA, FSA, Direct Billing and MCP**

- Provide County with template of plan rules
- Provide County with template of plan rates
- Provide County with template of plan calculations
- Provide County with working template of Web, IVR and TTY

**IVR Script and Web Design Pages**

- Develop first draft of web text per page of Employee Self Service Module for review
- Develop first draft of IVR script according to approved rules document for County
- Review and finalize IVR script
- Review and finalize web text and images for ESS



**Exception Reports**

- Define the exception reports for incumbent data conversion of the last 3 years data
- Define the exception reports for bi-monthly data transfer generated by Auditor-Controller

**Acceptance of reports, letters and forms**

- Present for sign off enrollment worksheets to County for approval
- Present for sign off confirmation worksheets to County for approval
- Define periodic reporting requirements
- Present for sign off sample report formats to County for approval
- Present for sign off sample letters to County for approval
- Present for sign off FSA claim forms to County for approval
- Present for sign off sample direct bill format to County for approval
- Present for sign off sample COBRA notification to County for approval
- Present for sign off sample HIPAA notice to County for approval

**Carrier Meetings and Information Gathering**

- Schedule conference calls with each carrier to discuss kick off to 01-2004 interfaces
- Program to each carrier specifications
- Work with each carrier to test programmed data flows including transmission
- Finalize carrier interfaces and transmissions

**FSA Vendor interface**

- Document workflow processes between FSA vendor and Mellon
- Work with each carrier to test programmed data flows including transmission
- Finalize vendor interfaces and transmissions

**Payroll/HRIS Meetings and Information Gathering**

- Program to payroll/HRIS specifications
- Work with payroll/HRIS to test programmed data flows including transmission
- Finalize payroll/HRIS interfaces and transmissions

**Testing**

- Load Core with full conversion test data
- Move developed system with test conversion data to staging for testing
- Perform testing of web/IVR/TTY enrollment system - ESS/Administrator
- Provide signed document signing off on staging site

**FSA Reconciliation**

- Define with existing vendor processing cycle and anticipated cut off for transfer of files and open cases
- Define audit process parameters and resolution process
- Receive opening balance, claims paid and year-end balance file from existing vendor
- Reconcile account balance
- Resolve discrepancies

**COBRA and HIPAA Notification Process**

- Define with existing vendor processing cycle and anticipated cut off for transfer of open cases

**Direct Billing and MCP**

- Define with existing vendor processing cycle and anticipated cut off for transfer of open cases
- Meet with Treasurer and Tax Collector regarding scan line for billing and transmission of payment information
- Receive test file from CAO – TPA – Disability Benefits Administrator

**Phase II - System Live January 1, 2004**

- Freeze transactions entered to current vendor
- Provide full LIVE conversion data
- Load conversion data -- Employee/dependents 1-1-2004
- Move completed system to production site

**System Elevation**

## **EXHIBIT A.2**

### **STATEMENT OF WORK**

#### **ABSENCE MANAGEMENT SERVICES**

## STATEMENT OF WORK

### 1.0 SCOPE OF WORK

The scope of work encompasses deployment, delivery and maintenance of a web-based leave management system to support County's leave of absence administration program as provided under State and Federal mandated leave regulations and County leave policies and provisions ("Absence Management System").

This Exhibit A.2 describes the scope of work and the County of Los Angeles' requirements for:

- Absence Management System implementation project management
- Service Level Agreement plan
  - Technical support
  - Escalation procedures
  - Disaster recovery plan
  - Security incident reporting plan
- Analysis of business documents and requirements
- Implementation
- Testing and acceptance
- Training
- Implementation completion sign-off

This Exhibit A.2 includes Appendixes, with summarized descriptions as follows:

*Appendix 1 to Exhibit A.2, Functional and Technical Requirements:* This exhibit lists County's required functional and technical requirements in the Absence Management System.

*Appendix 2 to Exhibit A.2, Performance Requirements Summary:* This exhibit lists the required services which shall be monitored by County Project Manager, the performance standards of the services, and the liquidated damages for not meeting the standards.

*Appendix 3 to Exhibit A.2, Required Interfaces Diagram:* This exhibit provides a diagram of County and User interfaces with the Absence Management System.

*Appendix 4 to Exhibit A.2, Matrix of Users:* This exhibit provides a matrix of the Users of the Absence Management System based on their roles.

## 2.0 **DEFINITIONS**

Capitalized terms used in this Exhibit A.2 without definition have the meanings given to such terms in the base document of the Contract. As used in this Exhibit A.2, the following capitalized terms have the following meanings:

1. **Absence Management System:** Shall have the meaning given to such term in this Exhibit A.2, Section 1.0 (Scope of Work).
2. **CWTAPPS:** Countywide Timekeeping and Payroll Personnel System.
3. **Deficiency or Deficiencies:** Defects in design, development, implementation, materials, and/or workmanship; errors; omissions; deviations from published and/or mutually agreed upon standards; deviations from any of the requirements or specifications under the Contract; and/or other problems which result in the required services not being provided by Contractor or the Absence Management System not performing in compliance with the provisions of the Contract, including, but not limited to, this Exhibit A.2, the performance requirements, the Service Level Agreement, and the functional and technical requirements.
4. **e-HR:** Electronic Human Resources module within the County Enterprise Resource Planning solution that replaced or will replace legacy systems (CWTAPPS, CWPAY, etc.) and will introduce electronic management of various human resources operations.
5. **Employee Self Service:** Functionality in the Absence Management System that enables all employees to access the Absence Management System, request a leave, perform a status inquiry, and receive alerts within the Absence Management System for their own leave.
6. **Go Live:** The occurrence of each of the following: (a) all acceptance testing of the Absence Management System, as set forth in this Exhibit A.2, has been successfully completed; and (b) County has accepted in writing the completion of Deliverable 7 (Absence Management System Go Live) of this Exhibit A.2, in accordance with Paragraph 3.2 of the Contract.
7. **Disaster Recovery Site:** Site that allows Contractor to resume computer and network operations in the event of a disaster or damage to Contractor's technology infrastructure. Disaster recovery site is at a different location from the primary site.
8. **Key Stakeholders:** The following County departments:
  - a. Department of Human Resources ("DHR")
  - b. Chief Information Office ("CIO")
  - c. Chief Executive Office ("CEO")
  - d. Auditor-Controller ("A-C")

- 9. On-boarding:** The transitional process of implementing and utilizing the Absence Management System.
- 10. Performance Requirements Summary ("PRS"):** Identifies the key performance indicators of the Contract that shall be evaluated by County to assure Contractor (see *Appendix 2, Performance Requirements Summary*) meets Contract performance standards.
- 11. Priority Level:** The priority levels reflective of the impact of Deficiencies on County's business operations. County's Project Manager with input from Contractor's Project Manager will determine the appropriate Priority Level to assign, based on the following:
- a. "Level I Priority" - A Deficiency condition exists where any Absence Management System component becomes unavailable as a result of Contractor's action or omission during the hours of Absence Management System Availability specified in Exhibit A.2, Section 3.0 (Work Locations and Working Hours) and jeopardizes County's compliance with laws or policies, or affects the security or integrity of County's data. County expects that all Level I Priority Deficiencies shall be resolved within four (4) hours of the Start of Deficiency.
  - b. "Level II Priority" - A Deficiency condition exists as a result of Contractor's action or omission and moderately disrupts County's business operations or requires Users to implement temporary Workaround processes for no more than one (1) business day. County expects that all Level II Priority Deficiencies shall be resolved within twenty-four (24) hours of the Start of Deficiency.
  - c. "Level III Priority" – A Deficiency condition exists as a result of Contractor's action or omission that minimally disrupts County's business operations. County expects that all Level III Priority Deficiencies shall be resolved within seven (7) calendar days of the Start of Deficiency.
- 12. Recovery Point Objective:** The maximum data loss, acceptable to County, as measured backwards in time from the instant of failure for any system outage.
- 13. Recovery Time Objective:** The amount of time to restore system operations after an outage.
- 14. Service Level Agreement:** Shall have the meaning given to such term in this Exhibit A.2, Task 2 (Service Level Agreement).
- 15. Start of Deficiency:** The earlier of County's notification to Contractor of a Deficiency or Contractor's first knowledge of such Deficiency.

**16. Users:** County employees authorized by County's Project Manager to use the Absence Management System.

**17. Workaround** – A bypass, fix or alternate method that is put in place temporarily to minimize the impact of a Deficiency on absence management. A Workaround may be automated or manual.

### **3.0 WORK LOCATIONS AND WORKING HOURS**

When Contractor personnel are on-site at a County facility, the two primary work locations initially shall be:

Department of Human Resources  
3333 Wilshire Boulevard, 10<sup>th</sup> Floor  
Los Angeles, CA 90010

Kenneth Hahn Hall of Administration  
500 W. Temple Street  
Los Angeles, CA 90012

County may add additional work locations to this Exhibit A.2 on written notice to Contractor.

Contractor shall be required to provide Absence Management System services under the Contract during normal County business hours, which are 8:00 A.M. to 5:00 P.M., Pacific Time, Monday through Friday, exclusive of County holidays, unless other arrangements are approved by County's Project Manager.

### **4.0 TASKS AND DELIVERABLES**

Each deliverable shall be reviewed and accepted by County in writing. County shall notify Contractor, in writing, of problems encountered which, if not corrected within a satisfactory period, may result in cancellation of the project and termination of this Contract.

#### **TASK 1:                    Project Planning and Management**

Throughout the term of the Contract, under the direction of County Project Manager, Contractor shall apply requisite technical and management skills and techniques to assure Contractor's satisfactory, timely completion of project milestones, and establish a project control and reporting system which shall provide routine and realistic assessments of progress against the approved project control document ("Project Control Document") milestones and detailed work plan.

**Subtask 1.1: Develop a Project Plan and Project Control Document ("PCD")**

Contractor shall prepare a project plan ("Project Plan") within 14 days of the Effective Date, of which the primary component shall be the Project Control Document. The contents of the Project Plan shall include the following:

- **Introduction:** Summarizes the Project Plan; a review of the shared vision for the project relationship, the strategic goal(s) of the implementation effort, and how Contractor shall contribute to meet County's operational objectives;
- **Executive Summary:** Provides a high level overview of the main features and goals of the Project Plan;
- **Project Mission & Objectives:** Describes the operational need for proceeding with the project, the objectives to be achieved under the project, and critical success factors for County; all based upon information provided to Contractor by County, and any assumptions or limitations related to the Project Plan;
- **Project Scope:** Describes the overall scope and deliverables of the project and acts as a confirmation of project scope, phasing, training and implementation objectives;
- **Work Breakdown Structure ("WBS"):** Identifies the phases within the overall project implementation and the key deliverables within each phase. It may also go down to the task level, if appropriate. This document may also be referred to as the Milestones Document;
- **Project Control Document ("PCD") – Master Project Schedule:** Following the WBS, Contractor shall develop a PCD for the project tasks, deliverables, and milestones. Tasks to be performed by Contractor must be specifically addressed in the PCD. The PCD shall include the order in which the tasks and subtasks shall be performed and the order in which the deliverables shall be produced. Contractor and designated County staff shall review this analysis on a regular basis. The PCD shall also address, at a minimum, the following project tasks:
  - Work Breakdown Structure
  - Installation Plan
  - Requirements Review
  - Configuration Plan
  - Requirements Traceability Matrix and associated tests
  - Training Plan
  - Pre-implementation Test Plan
  - Implementation Plan
  - Implementation Testing
  - Post-Implementation Acceptance Test Plan
  - Production/Support Plan



In addition, the PCD shall also address the following ongoing project tasks:

- Status Reporting
- Issue Escalation and Resolution
- Deliverable Review and Approval

Contractor shall specify the planned review cycle for each deliverable in the PCD.

- **Project Team:** Identifies Contractor's project team and project organization, including defining the roles and responsibilities of the project team members; and
- **Risk Assessment & Management:** Identifies project risks, and mechanisms to handle these risks, in a risk management plan.

#### **Subtask 1.2: Provide Ongoing Project Management**

Contractor shall be required to manage project activities and resources, and track project status. This shall include managing and tracking all issues. Contractor's Project Manager shall attend project meetings with County's Project Manager, every other week or as otherwise mutually agreed upon, beginning with the Effective Date until three months after Go Live and quarterly thereafter. Additional project meetings may take place via teleconference. For each project meeting, Contractor's Project Manager shall prepare, and provide at each meeting, a written project status report ("Project Status Report") to County's Project Manager. The Project Status Report shall cover, at a minimum, project progress, plans, and outstanding issues. All disputed issues shall be resolved through the dispute resolution process as specified in Subparagraph 61 (Dispute Resolution Procedure) of the Contract. After the project's successful Go Live, Contractor's Project Manager shall meet with County's Project Manager on a quarterly basis.

The Project Status Report shall include the following:

- Executive summary – highlighting key accomplishments and issues
- Tasks completed
- Tasks delayed
- Upcoming tasks
- Issue log
- Deliverable status
- Updated detailed work plan

Contractor shall also participate in monthly project team meetings to include a review of project accomplishments, any delayed tasks / deliverables, issues, and risks.

### **Subtask 1.3: Conduct Technology Assessment**

Contractor shall perform a technology assessment review and prepare a technology assessment report ("Technology Assessment Report") within 30 days of Effective Date. As part of this task, Contractor shall: (i) engage in oral and written discovery from the County as necessary for the assessment and may rely on the information it receives from the County during such discovery in preparing the Technology Assessment Report; (ii) identify impact points that may affect the timely and successful implementation of the project, including, but not limited to, any issues associated with County's desktop devices (e.g., workstations, laptops, etc.), LAN/WAN, operations management, and technical support; and (iii) specify recommended corrective action to be taken by County.

The Technology Assessment Report shall include the following:

- Executive Summary
  - Key findings and recommendations
  - Summary of County's required training.
- Technical Architecture describing how the environment will be deployed to the web portal
- Hardware and Software Specifications for the following environments:
  - Development/Configuration
  - Integrated System Test
  - User Acceptance Test
  - Training
  - Production
- Technical recommendations including County infrastructure and Contractor hosted environment requirements.

### **Deliverable 1:                      Project Planning and Management**

- 1.1 Project Plan and Project Control Document
- 1.2 Project Status Reports / Ongoing Project Management
- 1.3 Technology Assessment Report

Upon acceptance by County in writing, the Project Plan and Project Control Document Project Status Reports, and Technology Assessment Report shall become part of this Exhibit A.2 (Statement of Work).

**TASK 2:**                    **Service Level Agreement**

Contractor shall develop a service level agreement ("Service Level Agreement") within 30 days from Effective Date for providing County with ongoing support and services that meet the requirements set forth in the Contract. Contractor's Service Level Agreement shall include, but shall not be limited to, the following:

- Contractor's staffing plan for providing County with support services for the Absence Management System throughout the term of the Contract.
- Contractor's approach in providing preventive maintenance of the Absence Management System hardware that promotes high accessibility, proactively addresses potential security issues, and maintains the security and integrity of the Absence Management System.
- A schedule for performing backups of the Absence Management System indicating the type (e.g. full, incremental), the method (e.g. mirroring, FTP) or media (e.g. tape, optical disc), the backup data retention and data and media disposition policy and procedures, and a description of security measures used to maintain the security, integrity, and availability of the Absence Management System.
- Procedures for validating Absence Management System backups with a methodology for randomly selecting and testing Absence Management System backups by performing Absence Management System restore from backup.
- Contractor's production control, release management, quality assurance, and system and performance testing methodologies.

Additional sections of the Service Level Agreement will include but not be limited to the following key areas, as further described below:

- 2.1 Technical Support Plan
- 2.2 Escalation Procedures
- 2.3 Disaster Recovery Plan and Disaster Recovery Site
- 2.4 Security Incident Reporting Plan
- 2.5 Performance Standards
- 2.6 Transition Plan – Responsibilities upon Termination

**Subtask 2.1: Technical Support Plan**

Contractor shall develop a technical support plan ("Technical Support Plan") to provide and maintain technical support staff, as part of the Service Level Agreement, to assist Users by answering technical support questions and resolving technical issues and problems with the Absence Management System. Contractor shall identify and document the structure and functions of technical support, which shall provide on-going support and assist Users in problem resolution. Contractor's Technical Support Plan shall describe, in

detail, the level of service that Contractor shall provide to County and the plan shall include the following County performance requirements:

- A thorough description of the functions performed by Contractor's technical support staff and the methodology used to correct a Deficiency. County with input from the Contractors' Project Manager will determine the appropriate Priority Level, I, II, or III, to assign. Contractor may request that County Project Manager change the Priority Level assigned to a Deficiency, and County Project Manager may at any time change the Priority Level in the following situations, or as County Project Manager otherwise deems appropriate:
  - (a) The significance of the Deficiency's impact on County's business operations changes due to changing circumstances.
  - (b) The significance of the Deficiency's impact on County's business operations changes because of the implementation of a County approved Workaround.
  - (c) Upon Contractor's failure to meet the target dates/times provided to County for resolving a Deficiency.
- A chart that graphically depicts the organizational structure of Contractor's technical support staff.
- Contractor's provision of five (5) days a week, 7 A.M. to 4 P.M. Pacific Time access to technical support staff that can provide, in comprehensible English, answers to User's system related questions, record reported system issues, and resolve system related issues.
- Technical support staff's commitment to answer no less than ninety eight percent (98%) of all calls received within two (2) hours as specifically described in the Service Level Agreement; and, to respond to all inquiries received electronically within one (1) business day. An automated email response that confirms the receipt of a request (i.e., e-mail auto response or delivery receipt) is not sufficient to satisfy this requirement.
- A description of the technical support staff software that Contractor's staff will use to record Users' requests for technical assistance.
- Examples of the technical support staff reports that Contractor shall use to record, resolve, escalate, manage and provide notification to County on the status of the technical support staff calls received. Contractor shall identify the format (e.g., electronic, e-mail, dashboard) and frequency (e.g., daily summary, weekly) of each report.
- Contractor shall provide an e-mail address for the technical support staff to be used by Users when reporting problems or requesting technical assistance.
- Contractor shall provide a toll-free phone number for designated use when contacting Contractor's technical support staff.

- Contractor shall provide access to a technical support staff web portal where Users can request technical assistance, Contractor will define process for tracking and reporting open technical support issues

#### **Subtask 2.2: Escalation Procedures**

Contractor shall develop escalation procedures ("Escalation Procedures") to address extended and unresolved Deficiencies, and notification and emergency procedures. The Escalation Procedures shall include the following:

- Time durations for escalation from one staff level of responsibility to the next.
- A flowchart showing Contractor's escalation levels with a narrative section that defines and details under what conditions what is escalated to what level.
- The names, titles, telephone and pager numbers of Contractor staff responsible for response at the various levels of escalation.
- The names, titles, roles, telephone and pager numbers of County staff requiring notification and the circumstances under which they are to be notified.

#### **Subtask 2.3: Disaster Recovery Plan and Disaster Recovery Site**

Contractor shall maintain a Disaster Recovery Site at a location that is in a different location than Contractor's data center, outside the boundaries of County and within the forty-eight (48) contiguous United States. The Disaster Recovery Site must be a safe distance from Contractor's data center so that a single event could not reasonably impact both locations. Contractor shall have and maintain a disaster recovery plan and business continuity plan that:

- Is a comprehensive and detailed document of Contractor's data recovery and restore procedures and is available for review upon request at any time during the term of the Contract.
- Defines the roles and responsibilities of Contractor's staff assigned to implement the disaster recovery procedures.
- Contains current contact information for the associated personnel.
- Defines the escalation procedures to be followed during disaster recovery operations.
- Identifies the off-site secure location to store a copy of the disaster recovery plan and backup media.
- Contains annual disaster recovery tests which, at the minimum, are to be performed during the term of this Contract, unless otherwise agreed upon by County's Project Manager.
- Contains a system that shall be operational.

- Defines a Disaster Recovery Site that shall be operational and available for production use based upon the Recovery Time Objective and Recovery Point Objective after the occurrence of a disaster.
- Identifies describes, and provides the rationale for the selection of the Disaster Recovery Site location.
- Describes the performance capabilities of the Disaster Recovery Site, including the means by which Contractor shall measure and test the Disaster Recovery Site's ability to meet requirements under the Service Level Agreement.
- Provides a comprehensive and detailed procedure for achieving multiple tests for transferring the Disaster Recovery Site to the production environment at the end of the disaster (e.g., business resumption).
- Describes multiple tests for transferring the Disaster Recovery Site to the production environment at the end of the disaster. Contractor shall also specify the strategy to be followed for incrementally storing data at the Disaster Recovery Site and for transferring data back to the production environment. Contractor shall execute and document a successful test of the Disaster Recovery Site when the Disaster Recovery Site meets the requisites outlined set forth in *Appendix 1, Functional and Technical Requirements*.

#### **Subtask 2.4: Security Incident Reporting Plan**

Contractor shall develop a security incident reporting plan ("Security Incident Reporting Plan") as part of the Service Level Agreement to address any security breach. Contractor's Security Incident Reporting Plan shall include the following:

- A notification procedure for when security incident(s), breach(s), attack(s), or introduction(s) of any disabling device has occurred. At the minimum, County's Chief Information Security Officer ("CISO") shall be contacted at County's Information Security Hotline at (562) 940-3335 within one (1) hour of identifying the security breach.
- Provide County CISO a computer security incident report for when a security breach has occurred. The report shall be sent to County CISO within twenty-four (24) hours of incident. The computer security incident report, at the minimum, shall describe the breach, intrusion information, and actions taken to mitigate the issue.
- Support a formalized Computer Incident Response Team ("CIRT") at the location/facility where this proposed application is hosted.

#### **Subtask 2.5: Performance Standards Document**

Contractor shall develop a performance standards document ("Performance Standards Document") incorporating all the information, including

performance requirements and credits, set forth in *Appendix 2, Performance Requirements Summary*. The Performance Standards Document shall outline processes for sustainability of standard services, including the ongoing quality monitoring methods to evaluate the internal performance in meeting the Contract requirements.

In the event that Contractor fails to meet the performance requirements set forth in *Appendix 2, Performance Requirements Summary*, County shall be entitled to receive credits, as set forth in *Appendix 2, Performance Requirements Summary*, which may be applied, at the discretion of County's Project Manager, to any amounts payable by County to Contractor under this Contract. Notwithstanding anything to the contrary in the Contract, any credits that accrue are in addition to, and do not limit, any other rights and remedies available to County, either pursuant to this Contract, at law, or in equity, in respect of Contractor's failure to perform in accordance with the terms of this Contract.

#### **Subtask 2.6: Transition Plan – Responsibilities upon Termination**

Contractor shall develop a transition plan ("Transition Plan") document for providing the data requirements of County to affect the transition/conversion to a new provider pursuant to Paragraph 7.3 (Completion of Contract) of the Contract that includes but is not limited to:

- Contractor's defined format file descriptions and narratives for all input and output files or as will be mutually agreed to between Contractor and County.
- All information that resides in Contractor's computer files relating to County employee records, including individual employee record history that County requires for the transition and for the permanent records of County.
- Non confidential or proprietary sub-contracted procedures or third-party agreements and all files and source documents.

#### **Deliverable 2: Service Level Agreement**

Contractor shall deliver to County a Service Level Agreement for ongoing support services by the date specified in the Project Plan. The Service Level Agreement shall be consistent with this Exhibit A.2, including but not limited to Subtask 2.1 (Technical Support Plan). The Service Level Agreement shall be comprised of, but not limited to the following documents:

- 2.1 Technical Support Plan
- 2.2 Escalation Procedures
- 2.3 Disaster Recovery Plan and Disaster Recovery Site

- 2.4 Security Incident Reporting Plan
- 2.5 Performance Standards Document
- 2.6 Transition Plan – Responsibilities upon Termination

Upon acceptance by County in writing of the Service Level Agreement, the Service Level Agreement shall become part of this Exhibit A.2 (Statement of Work).

**TASK 3:**                    **Analysis and Documentation**

Contractor shall within 30 days of Effective Date analyze all County's technical and functional requirements as set forth in *Appendix 1, Functional and Technical Requirements*, Deliverable 1.3 (Technology Assessment Report), and otherwise in the Contract.

At the conclusion of the analysis:

- a. Contractor shall review with County staff the best use of the methodology contained in their Absence Management System and assist in meeting County's requirements. This shall be accomplished through meetings with County's project team, including but not limited to selected staff from Human Resources, Chief Executive Office, and Chief Information Office, to review and finalize County functional, technical and business requirements.
- b. Contractor shall define required configurations, interfaces, and conversions to the Absence Management System.
- c. Contractor shall present recommendations on the ongoing processes to support the operations of the Absence Management System. County is responsible for maintaining County Security Guidelines.

**Deliverable 3:**                    **Analysis and Documentation**

Contractor shall perform and deliver the following to County by the date as specified in the Project Plan:

- a. **Interviews** – Contractor shall conduct interviews with Key Stakeholders, to validate County's requirements and gain an overall understanding of County's business processes. Interviews will be held in group meetings established by Contractor after consultation with County.
- b. **Business Rules Document** – Contractor will create a Business Rules Document to support system programming. County will accept or reject the Business Rules Document within the time frame defined in the Project Plan. Contractor will make necessary revisions to any County rejected Business Rules Document within the timeframe defined in the Project Plan.



- c. **Configurations** – Contractor shall provide a detailed document describing the non confidential and proprietary information required to configure the software package to support County specific rules. Each applicable configuration shall be supported by a written overview, a process description with workflow diagrams, a data model description, and images of all impacted screens, if applicable.
- d. **Data Conversions** – Contractor shall provide a detailed document describing the electronic format for data to be converted by County to support the administration for employees who are on a leave status at the time of the conversion.
- e. **Security** – Contractor shall provide a detailed document that describes all required data security. Each data security level shall be supported by a written overview, a process description, and all impacted screens and tables. Moreover, there shall be clear explanations concerning User access by roles. County will define the Users and associated roles. Security roles shall align with User roles as set forth in *Appendix 4, Matrix of Users*, and in conjunction with Business Integration Analysis and Configuration documents (Deliverable 3.b. and 3.c.).
- f. **County Department On-boarding Strategy** – With assistance from County, Contractor shall provide: 1) a document outlining the overall strategy for County department On-boarding; 2) a template record format, and submission procedures; and 3) other communication templates to assist County in On-boarding one hundred percent (100%) of County departments.

**TASK 4:**                      **System Setup & Configuration**

Contractor shall work collaboratively with County's project team and other Key Stakeholders to set up and configure the software to fully meet the requirements as set forth in *Appendix 1, Functional and Technical Requirements* by the date specified in the Project Plan. This includes, but is not limited to, developing and implementing the required interfaces, conversions and security.

**Deliverable 4:**            **System Setup & Configuration**

Contractor shall deliver the following to County by the date specified in the Project Plan:

- a. **Setup and Configuration** – Contractor shall configure the Absence Management System for County, and validate that the configurations to the Absence Management System and associated infrastructure meet County's requirements, as defined in the County-approved Business Rules Document and as set forth in *Appendix 1, Functional and Technical*

*Requirements; and otherwise in the Contract.*

- b. **CWTAPPS and eHR Interfaces** – Contractor shall integrate all required interfaces to the Absence Management System, as set forth in *Appendix 3, Required Interfaces Diagram*.
- c. **Conversions and Migrations** – Contractor shall load the data file provided by County in accordance with the agreed upon data layout. Such layout will be provided based on Contractor's assessment and recommendations in Deliverable 3. Contractor will provide an error report identifying any data that does not comply with the agreed upon specifications. County will remedy in accordance with the Project Plan.
- d. **Test Script** – County and Contractor shall develop test scripts / test cases to cover detailed functionality of the Absence Management System. Contractor shall develop data sets necessary to conduct the initial acceptance testing.
- e. **Training** – Contractor shall provide eight hours of web-based training and online reproducible administrator and end-User training materials for up to 350 Users, to be approved by County, for the Absence Management System, as specified in the Project Plan. Additional on site training shall be available at a fee of \$175 per hour, plus travel and expenses in accordance with the then-existing County policy on travel and expenses. During the implementation phase, Contractor shall present a training strategy for how to best utilize the eight hours of training. Additionally, Contractor shall provide a training strategy which shall include remote/online training classes (e.g., WebEx, GoToMeeting®, video stream, etc.) Contractor shall assess User knowledge gaps following the training on the Absence Management System features and functionality within the production environment. Contractor will work with County to address any gaps. In the event there is a policy or procedure change impacting the features and functionality of the Absence Management System which requires additional training, Contractor will provide a plan for the delivery of this training.
- f. **Failover Capability** – Contractor shall demonstrate to County's satisfaction the failover capability of the Absence Management System functions properly upon failure of the primary application.
- g. **Conduct Tests** – Contractor shall conduct internal systems and unit testing using test cases and scenarios prior to delivering the Absence Management System to County. Contractor shall certify that all test cases and scenarios were tested and ran successfully.
- h. **Reporting** – Contractor shall provide standard reporting access to County designated groups and access levels. Report functionality shall include

integrated online reporting, including trend analysis to alert management of absence patterns. Additional features shall include two - three summary and individual level dashboard reports accessible to administrators through the County of Los Angeles Benefits Portal at [www.mylacountybenefits.com](http://www.mylacountybenefits.com)

- i. **Absence Management System Access** – Contractor shall provide Absence Management System access to representatives in 38 County departments and for up to 350 Users, between 5:00 a.m. and midnight, Pacific Time, seven days a week, excluding mutually agreed upon maintenance time. The Employee Self Service feature will not be deployed at this time.

**TASK 5:**                    **Initial Acceptance**

Contractor shall demonstrate how the configured Absence Management System supports the requirements set forth in *Appendix 1, Functional and Technical Requirements*.

**Deliverable 5:**           **Initial Acceptance**

Contractor shall deliver the following to County by the date specified in the Project Plan:

- a. **Updated Configurations Document** – Contractor shall provide updated documentation describing the detailed County specific configurations of the Absence Management System
- b. **Overview and Documentation** – Contractor shall provide a high level overview as well as a systems demonstration to County upper management in the operation of the configured Absence Management System.
- c. **Detail Walkthrough** – Using the test cases and scenarios developed in Deliverable 4.d, Contractor shall provide a detailed walk through of the configured Absence Management System, matching results to the expected outcome.

**TASK 6:**                    **Acceptance Testing**

County shall conduct acceptance testing ("Acceptance Testing") with the assistance of Contractor on the configured Absence Management System through the hands-on use of the Absence Management System by County's designated staff.

**Deliverable 6:**           **Acceptance Testing**

Contractor shall deliver the following to County by the date specified in the Project Plan:

- a. **Assist with Testing** – Contractor shall assist County on conducting the Acceptance Testing.
- b. **Resolution of Deficiencies** – Contractor shall certify that all Deficiencies identified by County during Acceptance Testing are rectified. Contractor shall certify in writing that all Deficiencies were corrected and the re-administration of the Acceptance Testing was successful.

**TASK 7:**                    **Absence Management System Go Live**

Contractor shall transition those County departments, designated by County, to the Absence Management System by January 1, 2012, and the remaining County departments by March 1, 2012, including final data conversion and migration, in order to achieve Absence Management System Go Live (acceptance of system and implementation services).

- Contractor shall assist in final data conversion and migration in preparation for Absence Management System Go Live.
- Contractor shall ensure all interfaces have been tested and set up for nightly processing, unless otherwise specified by County in writing.
- Contractor shall conduct a post-implementation review to ensure the application and system infrastructure is functioning correctly, including all standard and custom reports and dashboards, document any and all issues, and resolve any post-implementation issues or change requests.
- Contractor shall assist in the On-boarding of all County departments.
- Contractor shall ensure that the Absence Management System operates Deficiency-free for all County departments for thirty (30) consecutive days.

**Deliverable 7:**                    **Absence Management System Go Live**

Contractor shall deliver the following to County:

**Certification** - Contractor shall provide, by April 1, 2012, written certification that County's production Absence Management System is in compliance with all specifications and all performance requirements, and has been in operation for all County departments for thirty (30) consecutive days without any Deficiencies. Should any Deficiencies be identified during the initial production attempts, the written certification shall also include final detailed review of Absence Management System Deficiency mitigation and resolution. County is not obligated to accept the written certification until the Absence Management System meets all requirements and operates Deficiency-free for all County departments for thirty (30) consecutive days.

## **Appendix 1 to Exhibit A.2**

### **Functional and Technical Requirements Absence Management Services**

## FUNCTIONAL AND TECHNICAL REQUIREMENTS

### 1.0 Functional requirements include:

- 1.1.1. Allow Users to capture call notes
- 1.1.2. Allow Users to attach and store correspondence and documents provided for an employee on, or applying for, leave
- 1.1.3. Allow Users to extract correspondence and activity reports at the individual level to support inquiries, claims or litigation, and reporting needs
- 1.1.4. Allow for the customization of correspondence and leave packet
- 1.1.5. Generate correspondence to employees
- 1.1.6. Recreate or maintain copies of all correspondence created by the Absence Management System
- 1.1.7. Accept daily updates of data from the County e-HR system through the County's third-party administrator for benefits administration or as determined during implementation
- 1.1.8. Accept existing records in electronic format (in agreed upon format)
- 1.1.9. Include database maintenance
- 1.1.10. Interact with Short Term Disability and Long Term Disability (STD/LTD) and workers' compensation third party administrators (or an alternate County-maintained system as determined during implementation) to track which absences should be classified with the appropriate coverage
- 1.1.11. Allow for manual data entry of non-electronic historical leave records
- 1.1.12. Allow for manual data entry of leave records
- 1.1.13. Store data in accordance with Federal and State leave laws
- 1.1.14. Accept customization of data interfaces based on County and Contractor agreed upon specifications
- 1.1.15. Allow for modifications based on changes and updates to County leave policies
- 1.1.16. Update application and correspondence to help ensure compliance with Federal and State leave regulations
- 1.1.17. Provide consistent processing for continuous, intermittent and reduced schedule leave
- 1.1.18. Allow Users to manage leaves in accordance with Federal, State and County authorized leave policies
- 1.1.19. Allow Users to record Federal, State and County authorized leave policies
- 1.1.20. Allow for automatic and ad-hoc task creation and reminders to assist Users with leave processing
- 1.1.21. Automatically apply Federal, State and County authorized leave policies based upon employee's work location, classification, plan enrollment/eligibility and reason for leave
- 1.1.22. Be configurable to the County's leave policies

- 1.1.23. Calculate employee leave eligibility and entitlement to ensure employee does not take more than entitled leave
- 1.1.24. Concurrently apply Federal, State and County leave policies, where applicable
- 1.1.25. Contain Federal and State mandated leave rules as a standard feature of the Absence Management System
- 1.1.26. Deploy changes to Absence Management System to all Users at the same time
- 1.1.27. Document medical certifications, work restrictions and return to work status and decisions
- 1.1.28. Provide a comprehensive log to establish an audit trail of all actions performed for a given leave
- 1.1.29. Provide as an optional feature, Employee Self-Service absence request, status inquiry and alerts
- 1.1.30. Provide intuitive navigation and data display
- 1.1.31. Track and provide the ability to report on physicians providing medical certification
- 1.1.32. Track approved leaves by applicable type
- 1.1.33. Allow for the exporting of report information to alternative formats such as Excel
- 1.1.34. Allow reporting to be summarized by department, employee groups or other categories as supported through County data
- 1.1.35. Establish a long term leave report consistent with County requirements
- 1.1.36. Contain a catalog of standardized and aggregate level reports
- 1.1.37. Provide integrated online reporting, including trend analysis to alert management of absence patterns

**2.0 Technical requirements include:**

- 2.1.1. Secure data that flows to and from hosting infrastructure in a manner consistent with industry standards and County-approved standards/guidelines
- 2.1.2. Be provided via a web-based hosted application that is accessible from a personal computer running Microsoft Internet Explorer version 6.0 (or above) and a Internet connection
- 2.1.3. Contain scalable security features/functionality allowing for County-defined User groups and profiles
- 2.1.4. Maintain 24/7 security for hosting locations
- 2.1.5. Maintain security protocols to restrict access based on County-defined access rules
- 2.1.6. Maintain a highly available and scalable server and storage infrastructure providing Absence Management System up time of 99.5% or higher
- 2.1.7. Provide consistent processing for continuous, intermittent and reduced schedule leave
- 2.1.8. Require no computer infrastructure investment from the County
- 2.1.9. Provide flexible reporting features/platform for standard and ad-hoc reporting

APPENDIX 1 TO EXHIBIT A.2  
ABSENCE MANAGEMENT SERVICES

- 2.1.10. Store data securely in SQL Server or comparable solution
- 2.1.11. Perform daily or continuous Absence Management System backup



## **Appendix 2 to Exhibit A.2**

### **Performance Requirements Summary Absence Management Services**

### PERFORMANCE REQUIREMENTS SUMMARY (PRS) CHART

The obligations set forth below are not in lieu of, and do not limit, any of COUNTY's rights and remedies, including but not limited to termination for default pursuant to Paragraph 32.0 of the Contract. Performance results will be measured and reported on a quarterly basis during the regularly scheduled project meeting. The total fees at risk in a contract year will not exceed 15% of the total fees payable for Absence Management Services, as set forth on Exhibit B (Fee Schedule).

#	SPECIFIC PERFORMANCE REFERENCE	STANDARD OF PERFORMANCE	MAXIMUM ALLOWED DEVIATION (AQL)	MONITORING METHOD	CREDITS FOR FAILURE TO COMPLY WITH PERFORMANCE REQUIREMENTS
1	Contract: Paragraph 6.0 – Administration of Contract – Contractor	CONTRACTOR shall inform DHR in writing of any change in names, addresses, and telephone numbers of the individuals designated to act as Contract Manager and alternate at the time the Contract is implemented and as changes occur during the term of the Contract.	None	Inspection and Observation	\$100 per occurrence.
2	Contract: Paragraph 31.0 – Subcontracting	CONTRACTOR shall obtain County's advance approval prior to subcontracting any work.	None	Inspection and Observation	\$100 per occurrence; without limiting any rights or remedies made under the Contract, including County's rights to terminate, County is not responsible for any payments owed to such third parties.
3	Exhibit A.2: Statement of Work: Section 4.0, Task 1, Subtask 1.1, Deliverable 1.1	CONTRACTOR shall develop Project Plan and Project Control Document within 14 days of the Contract Effective Date.	None	Inspection and Observation	\$500 per day, or fraction thereof, that deliverable is late.
4	Exhibit A.2: Statement of Work: Section 4.0, Task 1, Subtask 1.2	CONTRACTOR's Project Manager shall attend project meetings with County's Project Manager every other week or as otherwise mutually agreed upon beginning with the Contract Effective Date until three months after Go Live, and quarterly thereafter. CONTRACTOR shall also participate in	None	Observation	\$100 per missed meeting, or fraction thereof.

APPENDIX 2 TO EXHIBIT A.2 – STATEMENT OF WORK  
PRS - ABSENCE MANAGEMENT SERVICES

#	SPECIFIC PERFORMANCE REFERENCE	STANDARD OF PERFORMANCE	MAXIMUM ALLOWED DEVIATION (AQL)	MONITORING METHOD	CREDITS FOR FAILURE TO COMPLY WITH PERFORMANCE REQUIREMENTS
		monthly project team meetings.			
5	Exhibit A.2: Statement of Work: Section 4.0, Task 1, Subtask 1.2,	CONTRACTOR shall provide a written Project Status Report as required in the Statement of Work.	None	Inspection and Observation	\$100 for each Project Status Report that is late.
6	Exhibit A.2: Statement of Work: Section 4.0, Task 2, Subtask 2.1	CONTRACTOR shall correct any operational issues or Deficiencies in the Absence Management System within the timeframes established by the applicable Priority Level, as set forth in Statement of Work, Section 2, Definition 11 (Priority Level).	None	Inspection and Observation	Priority Level I: After 4 hours from Start of Deficiency, \$1,000 per hour; After 76 hours from Start of Deficiency, \$2,000 per hour.  Priority Level II: After 24 hours from Start of Deficiency, \$500 per occurrence.  Priority Level III: None
7	Exhibit A.2: Statement of Work: Section 4.0, Task 2, Subtask 2.1	CONTRACTOR's technical support staff shall answer no less than ninety eight percent (98%) of all calls received within two (2) hours as specifically described in the Service Level Agreement; and, to respond to all inquiries received electronically within one (1) business day.	None	Contractor Self Report, Observation, and User Complaints. Monitoring Provided by Evaluation Each Quarter	\$500 per occurrence.
8	Exhibit A.2: Statement of Work: Section 4.0, Task 2, Subtask 2.1, Deliverable 2.1	CONTRACTOR shall develop a Technical Support Plan to provide and maintain support staff as part of the SLA within 30 days of the Contract Effective Date.	None	Inspection and Observation	\$500 per day, or fraction thereof, that deliverable is late.

APPENDIX 2 TO EXHIBIT A.2 – STATEMENT OF WORK  
PRS - ABSENCE MANAGEMENT SERVICES

#	SPECIFIC PERFORMANCE REFERENCE	STANDARD OF PERFORMANCE	MAXIMUM ALLOWED DEVIATION (AQL)	MONITORING METHOD	CREDITS FOR FAILURE TO COMPLY WITH PERFORMANCE REQUIREMENTS
9	Exhibit A.2: Statement of Work: Section 4.0, Task 2, Subtask 2.2, Deliverable 2.2	CONTRACTOR shall develop escalation procedures and guidelines to address extended and unresolved Deficiencies, and notification and emergency procedures within 30 days of the Contract Effective Date.	None	Inspection and Observation	\$500 per day, or fraction thereof, that deliverable is late.
10	Exhibit A.2: Statement of Work: Section 4.0, Task 2, Subtask 2.3, Deliverable 2.3	CONTRACTOR shall provide County with a Disaster Recovery Plan and Disaster Recovery Site within 30 days of the Contract Effective Date.	None	Inspection and Observation	\$500 per day, or fraction thereof, that deliverable is late.
11	Exhibit A.2: Statement of Work: Section 4.0, Task 2, Subtask, 2.4 Deliverable 2.4	CONTRACTOR shall develop a security incident reporting plan as Part of the SLA within 30 days of the Contract Effective Date.	None	Inspection and Observation	\$500 per day, or fraction thereof, that deliverable is late.
12	Exhibit A.2: Statement of Work: Section 4.0, Task 3, Deliverable 3	CONTRACTOR shall perform an analysis and deliver documentation identified in SOW, to County within 30 days of Contract Effective Date.	None	Inspection and Observation	\$500 per day, or fraction thereof, that deliverable is late.
13	Exhibit A.2: Statement of Work: Section 4.0, Task 4, Deliverable 4	CONTRACTOR shall set up and configure the software and meet all County requirements as defined in the County-approved Business Rules Document and as set forth in <i>Appendix 1, Functional and Technical Requirements</i> , Deliverable 1.3 and otherwise in the Contract.	None	Inspection and Observation	\$500 per day, or fraction thereof, that deliverable is late.
14	Exhibit A.2: Statement of Work: Section 4.0, Task 4, Deliverable 4.e	CONTRACTOR shall provide, within the time frame defined in the Project Plan, a training strategy which shall include remote/online training classes (e.g., WebEx, GoToMeeting, video stream, etc.). Strategy will include up	None	Inspection and Observation	\$500 per day, or fraction thereof, that deliverable is late.

APPENDIX 2 TO EXHIBIT A.2 – STATEMENT OF WORK  
PRS - ABSENCE MANAGEMENT SERVICES

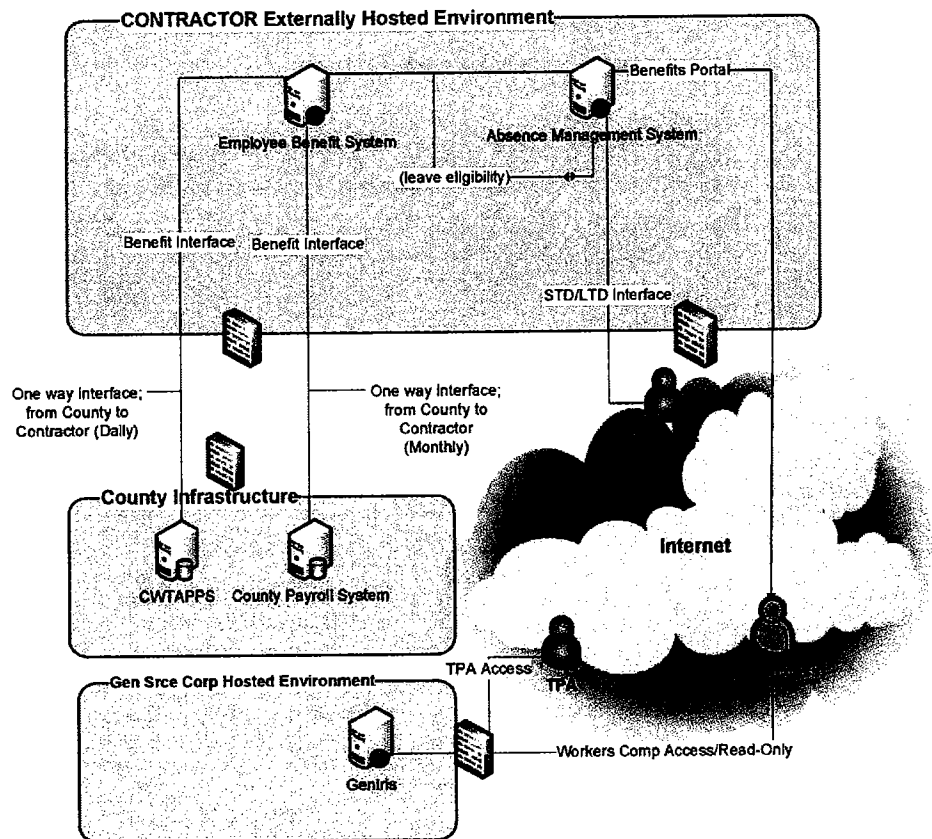
#	SPECIFIC PERFORMANCE REFERENCE	STANDARD OF PERFORMANCE	MAXIMUM ALLOWED DEVIATION (AQL)	MONITORING METHOD	CREDITS FOR FAILURE TO COMPLY WITH PERFORMANCE REQUIREMENTS
		to eight hours of web-based training and online reproducible administrator and end-User training materials for up to 350 Users, for the Absence Management System per Statement of Work Deliverable 4.e., All training provided prior to Go-Live date.			
15	Exhibit A.2: Statement of Work: Section 4.0, Task 5, Deliverable 5	CONTRACTOR shall deliver to County, all deliverables identified for initial acceptance by the date specified in the Project Plan.	None	Inspection and Observation	\$500 per day, or fraction thereof, that Deliverable 5 is late.
16	Exhibit A.2: Statement of Work: Section 4.0, Task 6, Deliverable 6	CONTRACTOR shall deliver to County by the date specified in the Project Plan: a. Assist County on conducting Acceptance Testing and b. Certify in writing that all Deficiencies identified by County during Acceptance Testing are rectified, that all Deficiencies are corrected, and that the re-administration of the Acceptance Tests is successful.	None	Inspection and Observation	\$500 per day, or fraction thereof, that deliverable is late.
17	Exhibit A.2: Statement of Work: Section 4.0, Task 7, Deliverable 7	CONTRACTOR shall provide, by April 1, 2012, written certification that County's production Absence Management System is in compliance with all the specifications and all performance requirements, and has been in operation for all County departments for thirty (30) consecutive days. Should any Deficiencies be identified during the initial production attempts, written certification shall also include detailed Deficiency mitigation and resolution.	None	Inspection and Observation	\$500 per day, or fraction thereof, that Deliverable 7 is late.

APPENDIX 2 TO EXHIBIT A.2 – STATEMENT OF WORK  
PRS - ABSENCE MANAGEMENT SERVICES

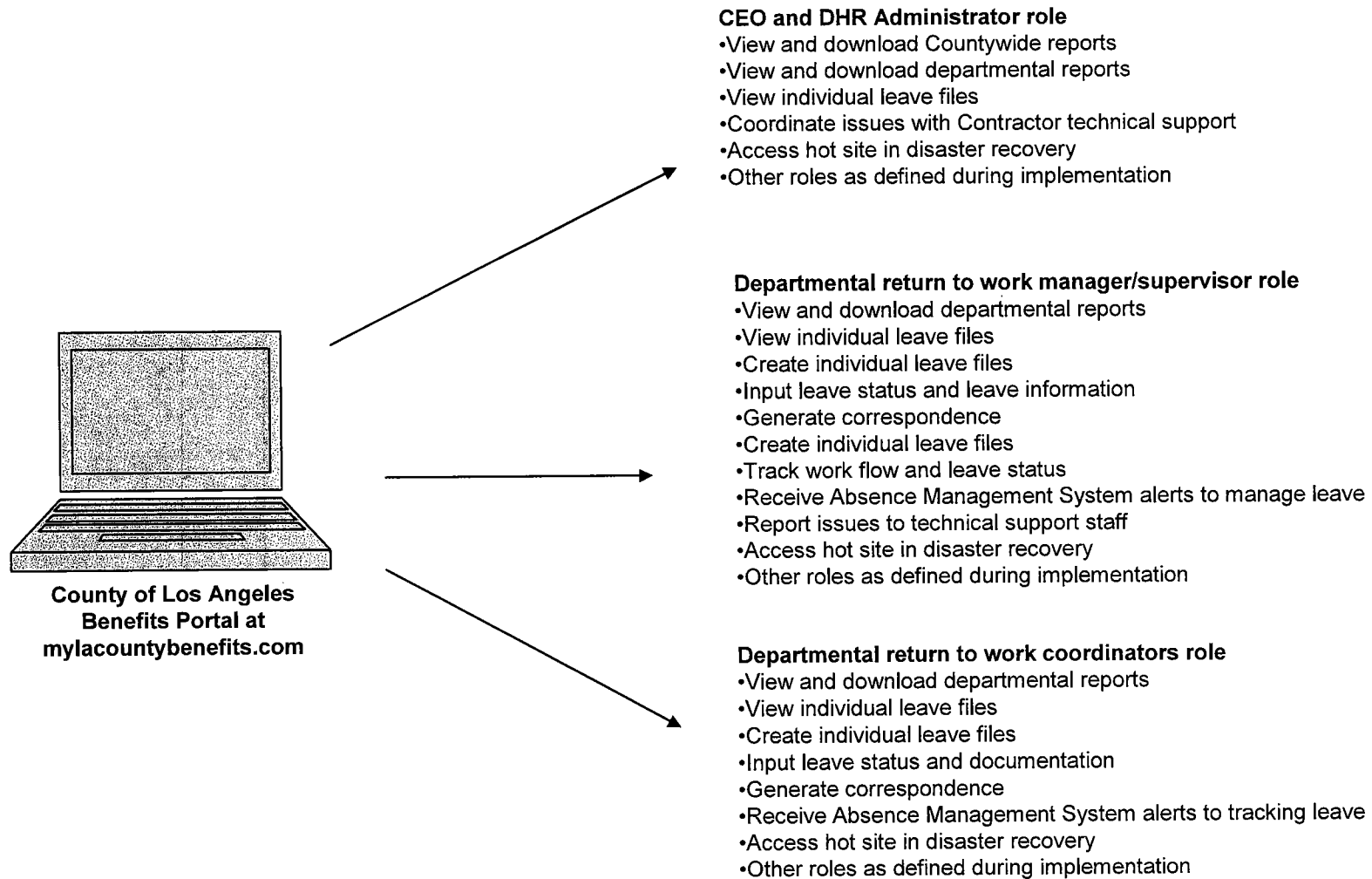
#	SPECIFIC PERFORMANCE REFERENCE	STANDARD OF PERFORMANCE	MAXIMUM ALLOWED DEVIATION (AQL)	MONITORING METHOD	CREDITS FOR FAILURE TO COMPLY WITH PERFORMANCE REQUIREMENTS
18	Appendix 1: Functional and Technical Requirements 1.1.7	Accept daily updates of data from County e-HR system through County's third party benefits administrator or as determined during implementation.	None	Observation and User Complaints	\$100 per day, or fraction thereof, file received within agreed upon timeframe and format is not uploaded.
19	Appendix 1: Functional and Technical Requirements 1.1.10	Interact with Short Term Disability, Long Term Disability, and workers' compensation administrators (or an alternate County-maintained system as determined during implementation) to track which absences should be classified with the appropriate coverage.	.5%	Inspection and User Complaints	\$1,000 per day, or fraction thereof, for failure to interact with County or TPA system within agreed upon timeframe, provided that file received within agreed upon timeframe and format.
20	Appendix 1: Functional and Technical Requirements 1.1.16	CONTRACTOR shall update application and correspondence to help ensure compliance with Federal and State leave regulations.	None	Observation	\$100 per day, or fraction thereof, after agreed upon deadline has passed.
21	Appendix 1: Functional and Technical Requirements 2.1.1 –	CONTRACTOR shall secure data that flows to and from hosting infrastructure in a manner consistent with industry standards and County-approved standards/guidelines.	None	Inspection and Observation	\$100 per occurrence; possibility of further liability depending upon level of security breach.
22	Appendix 1: Functional and Technical Requirements 2.1.11	CONTRACTOR shall perform daily or continuous Absence Management System backup.	.5%	Inspection and Observation	\$100 per day, or fraction thereof, backup is not conducted.

APPENDIX 3 TO EXHIBIT A.2 – STATEMENT OF WORK  
REQUIRED INTERFACES DIAGRAM – ABSENCE MANAGEMENT SERVICES

**Appendix 3 - Required Interfaces Diagram**



**Appendix 4 to Exhibit A.2: Matrix of Users**





**EXHIBIT B**  
**FEE SCHEDULE**

## **Exhibit B Fee Schedule**

### **SUMMARY OF FEES**

<b>Benefits Plans Services (January 1, 2012 through December 31, 2016)</b>	<b>\$ 21,794,000</b>
<b>Absence Management Services (January 1, 2012 through December 31, 2016)</b>	<b>\$ 2,250,000</b>
<b><u>Benefits Plans Services (July 1, 2011 through December 31, 2011)</u></b>	<b><u>\$ 1,900,000</u></b>
<b>Total Fees Payable for Benefits Plans Services and Absence Management Services (July 1, 2011 through December 31, 2016)*</b>	<b>\$ 25,944,000</b>
<b>Total Fees Paid under Original Contract (August 12, 2003 through June 30, 2011)</b>	<b>\$ 23,079,900</b>
<b><u>Maximum Contract Sum of this Contract (August 12, 2003 through December 31, 2016)</u></b>	<b><u>\$ 49,023,900</u></b>

\* Damage Limitation amount referenced in 27.3.4 of the Contract pertains to this Line Item.

## Benefits Plans and Absence Management Services Summary of Annual Fees

### BENEFITS PLANS SERVICES (January 1, 2012 through December 31, 2016)

	January 1, 2012 - December 31, 2012	January 1, 2013 - December 31, 2013	January 1, 2014 - December 31, 2014	January 1, 2015 - December 31, 2015	January 1, 2016 - December 31, 2016	CONTRACT COSTS
Monthly Processing Fees	\$ 2,864,733.60	\$ 3,039,000	\$ 3,224,000	\$ 3,420,000	\$ 3,628,000	
Spending Account Administration	\$ 497,328.29	\$ 528,000	\$ 560,000	\$ 594,000	\$ 630,000	
Annual Enrollment	\$ 281,515.04	\$ 299,000	\$ 317,000	\$ 336,000	\$ 356,000	
<b>Estimated Annual Costs</b>	<b>\$ 3,644,000</b>	<b>\$ 3,866,000</b>	<b>\$ 4,098,000</b>	<b>\$ 4,344,000</b>	<b>\$ 4,605,000</b>	<b>\$ 20,557,000</b>
<b>Maximum Annual Cap</b>	<b>\$ 3,753,000</b>	<b>\$ 3,979,000</b>	<b>\$ 4,217,000</b>	<b>\$ 4,471,000</b>	<b>\$ 4,739,000</b>	<b>\$ 21,159,000</b>
<b>Maximum Annual Contract Sum</b>	<b>\$ 3,866,000</b>	<b>\$ 4,098,000</b>	<b>\$ 4,344,000</b>	<b>\$ 4,605,000</b>	<b>\$ 4,881,000</b>	<b>\$ 21,794,000</b>
<b>MAXIMUM CONTRACT SUM FOR BENEFITS PLANS SERVICES</b>						<b>\$ 21,794,000</b>

Maximum Annual Cap includes 3% annual volume cap

Maximum Annual Contract Sum includes 3% estimated COLA increase

### ABSENCE MANAGEMENT SERVICES (January 1, 2012 through December 31, 2016)

	January 1, 2012 - December 31, 2012	January 1, 2013 - December 31, 2013	January 1, 2014 - December 31, 2014	January 1, 2015 - December 31, 2015	January 1, 2016 - December 31, 2016	CONTRACT COSTS
Implementation	\$ 117,000	\$ 117,000	\$ 117,000	\$ 117,000	\$ 117,000	
Ongoing	\$ 333,000	\$ 333,000	\$ 333,000	\$ 333,000	\$ 333,000	
<b>Maximum Annual Contract Sum</b>	<b>\$ 450,000</b>	<b>\$ 450,000</b>	<b>\$ 450,000</b>	<b>\$ 450,000</b>	<b>\$ 450,000</b>	<b>\$ 2,250,000</b>
<b>MAXIMUM CONTRACT SUM FOR ABSENCE MANAGEMENT SERVICES</b>						<b>\$ 2,250,000</b>

### BENEFITS PLANS SERVICES (JULY 1, 2011 THROUGH DECEMBER 31, 2011)

<b>TOTAL FEES PAYABLE FOR BENEFITS PLANS SERVICES AND ABSENCE MANAGEMENT SERVICES (July 1, 2011 through December 31, 2016)</b>	<b>\$ 25,944,000</b>
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### TOTAL FEES PAID UNDER ORIGINAL CONTRACT (August 12, 2003 through June 30, 2011)

TOTAL FEES PAID FROM AUGUST 12, 2003 THROUGH DECEMBER 31, 2010	\$ 21,479,900
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TOTAL ESTIMATED FEES FROM JANUARY 1, 2011 THROUGH JUNE 30, 2011	\$ 1,600,000
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### MAXIMUM CONTRACT SUM OF THIS CONTRACT (August 12, 2003 through December 31, 2016)

	<b>\$ 49,023,900</b>
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## BENEFIT PLANS SERVICES

### Per Participant and Transaction Rates<sup>2</sup>

	Assumed Volume	January 1, 2012 - December 31, 2012	January 1, 2013 - December 31, 2013	January 1, 2014 - December 31, 2014	January 1, 2015 - December 31, 2015	January 1, 2016 - December 31, 2016	Annual Total	Five-Year Total
<b>Monthly Processing Fees</b>								
Flex/Megaflex	12,822	\$ 2.05	\$ 2.05	\$ 2.05	\$ 2.05	\$ 2.05	315,421	
Choices	35,191	\$ 2.15	\$ 2.15	\$ 2.15	\$ 2.15	\$ 2.15	907,928	
Options	48,565	\$ 2.15	\$ 2.15	\$ 2.15	\$ 2.15	\$ 2.15	1,252,977	
Temps/Part-time	2,907	\$ 2.15	\$ 2.15	\$ 2.15	\$ 2.15	\$ 2.15	75,001	
Employee Direct Pay Billing	1,925	\$ 4.97	\$ 4.97	\$ 4.97	\$ 4.97	\$ 4.97	114,807	
COBRA Notification	2,500	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	198,600	
HIPAA Certification	-	\$ 5.52	\$ 5.52	\$ 5.52	\$ 5.52	\$ 5.52	-	
Subtotal							\$ 2,864,734	\$ 14,323,668
<b>Monthly Spending Account Administration<sup>1</sup></b>								
Flex/Megaflex (annual rates)	5,377	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	2,957	
Checks issued/mailed	3,585	\$ 3.42	\$ 3.42	\$ 3.42	\$ 3.42	\$ 3.42	147,115	
Choices (annual rates)	5,420	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	2,981	
Checks issued/mailed	3,613	\$ 3.42	\$ 3.42	\$ 3.42	\$ 3.42	\$ 3.42	148,291	
Options (annual rates)	7,022	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	3,862	
Checks issued/mailed	4,681	\$ 3.42	\$ 3.42	\$ 3.42	\$ 3.42	\$ 3.42	192,122	
Subtotal							\$ 497,328	\$ 2,486,641
<b>Annual Enrollment<sup>1</sup></b>								
Flex/Megaflex	12,822	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	10,001	
Choices	35,191	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	25,689	
Options	48,565	\$ 0.54	\$ 0.54	\$ 0.54	\$ 0.54	\$ 0.54	26,225	
Temps/Part-time	2,907	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	2,287	
Decision Planner Worksheet	99,485	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.12	111,423	
IVR Script Development <sup>2</sup>	1 ann. unit	\$ 16,557.19	\$ 16,557.19	\$ 16,557.19	\$ 16,557.19	\$ 16,557.19	16,557	
Web Screen Development <sup>2</sup>	1 ann. unit	\$ 18,764.83	\$ 18,764.83	\$ 18,764.83	\$ 18,764.83	\$ 18,764.83	18,765	
Confirmation/Default Notice	99,485	\$ 0.54	\$ 0.54	\$ 0.54	\$ 0.54	\$ 0.54	53,722	
Mail Spending Account Kit	17,819	\$ 0.83	\$ 0.83	\$ 0.83	\$ 0.83	\$ 0.83	14,790	
Mail Spending Account Book	2,500	\$ 0.83	\$ 0.83	\$ 0.83	\$ 0.83	\$ 0.83	2,075	
Subtotal							\$ 281,515	\$ 1,407,575
Estimated Annual Costs		\$ 3,644,000	\$ 3,866,000	\$ 4,098,000	\$ 4,344,000	\$ 4,605,000	\$ 3,643,577	\$ 20,557,000
Maximum Cap per Contract Year <sup>4</sup>		\$ 3,753,000	\$ 3,979,000	\$ 4,217,000	\$ 4,471,000	\$ 4,736,000	\$	\$ 21,159,000
(Including 3% annual cap based on volume)								
Maximum Contract Sum per Contract Year <sup>5</sup>		\$ 3,866,000	\$ 4,098,000	\$ 4,344,000	\$ 4,605,000	\$ 4,881,000	\$	\$ 21,794,000
(Including 3% estimated COLA increase)								
<b>MAXIMUM CONTRACT SUM (BENEFITS PLANS SERVICES)</b>							<b>\$</b>	<b>21,794,000</b>

1. All rates shown are monthly except:

- a. Spending Account Checks issued/mailed are per transaction. Volumes shown are assumed to be monthly. Spending Account Administration for Flex/MegaFlex, Choices and Options are shown as annual rates.
- b. Annual enrollment rates for Flex/MegaFlex, Choices, Options, Temps, and Part-time and Confirmation/Default Notices and Decision Planner Worksheet are charged one time during annual enrollment
- c. Mailing of Spending Account Kit and Account Book is per kit or account mailed.
- Rates are increased annually (benefit plan services) by applicable Cost of Living Adjustments (COLAs)
- Fees not charged on a per transaction basis include:
- a. IVR Script Development for annual enrollment
- b. Web Screen Development for annual enrollment
- Maximum Cap per Contract Year (Benefit Plans Services) includes 3% annual cap
- Maximum Contract Sum per Contract Year (Benefit Plans Services) includes 3% estimated COLA increase

Legend      budgeted in current contract  
                  proposed for extended contract

## ABSENCE MANAGEMENT SERVICES

	January 1, 2012 - December 31, 2012	January 1, 2013 - December 31, 2013	January 1, 2014 - December 31, 2014	January 1, 2015 - December 31, 2015	January 1, 2016 - December 31, 2016	Five-Year Total
<b>Implementation (Fees amortized over 5 years)</b>						
System Configuration for County Rules, Testing and Reports, Modifications of Standard Forms and Letters, including department reference in salutation	\$ 69,000	\$ 69,000	\$ 69,000	\$ 69,000	\$ 69,000	\$ 345,000
Custom Data Interfaces	\$ 20,214	\$ 20,214	\$ 20,214	\$ 20,214	\$ 20,214	\$ 101,070
Custom Dashboard	\$ 8,740	\$ 8,740	\$ 8,740	\$ 8,740	\$ 8,740	\$ 43,700
Workers Compensation, STD/LTD interfaces	\$ 15,988	\$ 15,988	\$ 15,988	\$ 15,988	\$ 15,988	\$ 79,940
Training 8 hours	\$ 3,058	\$ 3,058	\$ 3,058	\$ 3,058	\$ 3,058	\$ 15,290
Subtotal	\$ 117,000	\$ 117,000	\$ 117,000	\$ 117,000	\$ 117,000	\$ 585,000
<b>Ongoing</b>						
System Access Fee	\$ 308,000	\$ 308,000	\$ 308,000	\$ 308,000	\$ 308,000	\$ 1,540,000
Stewardship and System Maintenance	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 125,000
Subtotal	\$ 333,000	\$ 333,000	\$ 333,000	\$ 333,000	\$ 333,000	\$ 1,665,000
<b>Maximum Contract Sum (Absence Management Services) per Contract Year</b>	<b>\$ 450,000</b>	<b>\$ 450,000</b>	<b>\$ 450,000</b>	<b>\$ 450,000</b>	<b>\$ 450,000</b>	<b>\$ 2,250,000</b>

### MAXIMUM CONTRACT SUM (ABSENCE MANAGEMENT SERVICES)

**\$ 2,250,000**

1. CONTRACTOR will continue to receive one daily file from COUNTY from the CWTAPPs and/or eHR system.
2. Fees assume up to 5 feeds from Workers Compensation, STD/LTD carriers on a monthly basis.
3. CONTRACTOR will amortize the implementation fee over the 5-year term. In the event that COUNTY terminates in less than 5 years pursuant to Paragraph 34.0 (Termination for Convenience), COUNTY will pay Buck for any remaining unamortized implementation fees for Absence Management Services.
4. CONTRACTOR will provide eight hours of web-based training pursuant to the Statement of Work, Deliverable 4e. Additional on-site training is available at a fee of \$175 per hour plus travel and expenses for Absence Management Services in accordance with the then-existing County policy on Travel and Expenses.
5. Access to the Absence Management Services will be provided to representatives in all 38 COUNTY departments. COUNTY will define User groups including the number of Users by department and in the aggregate that will have system access. Access will be available for up to 350 Users.
6. The Employee Self Service feature will not be deployed for the Absence Management Services.
7. The system will support 115,000 active and terminated COUNTY employees. In the event that the active and terminated employees maintained on the system exceeds 115,000, Buck may charge an additional fee of \$30.80 per employee per year for each employee over 115,000.
8. Fees assume two - three summary and/or individual custom level dashboard reports accessible to Users through the County of LA Benefits Portal for the Absence Management Services.
9. Fees assume single sign-on Integration from the County of LA Benefits Portal to LeaveLink® (Assumes SAML 1.1 BPP Implementation).

**CONTRACT FOR****SERVICES**

**CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT,  
CONFIDENTIALITY,  
AND COPYRIGHT ASSIGNMENT AGREEMENT**

*(any reference to Copyright Assignment would apply to  
Information Technology Contracts only)*

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

CONTRACTOR NAME \_\_\_\_\_ Contract No. \_\_\_\_\_

Employee Name \_\_\_\_\_

**GENERAL INFORMATION:**

Your employer referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Employee Acknowledgement, Confidentiality, and Copyright Assignment Agreement.

**EMPLOYEE ACKNOWLEDGEMENT:**

I understand and agree that the Contractor referenced above is my sole employer for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

**CONFIDENTIALITY AGREEMENT:**

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

Initials of Signer \_\_\_\_\_

Contractor Name \_\_\_\_\_ Contract No. \_\_\_\_\_

Employee Name \_\_\_\_\_

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

Except as permitted under the above-referenced Contract, I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than my employer or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I shall keep such information confidential.

I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this contract or termination of my employment with my employer, whichever occurs first.

#### COPYRIGHT ASSIGNMENT AGREEMENT

I agree that all materials, documents, software programs and documentation, written designs, plans, diagrams, reports, software development tools and aids, diagnostic aids, computer processable media, source codes, object codes, conversion aids, training documentation and aids, and other information and/or tools of all types, developed or acquired by me in whole or in part pursuant to the above-referenced contract, and all works based thereon, incorporated therein, or derived therefrom shall be "works for hire," and as such are the sole property of the Contractor, or of County pursuant to the terms of the above-referenced Contract. In this connection, I hereby assign and transfer to the Contractor in perpetuity for all purposes all my right, title, and interest in and to all such items, including, but not limited to, all unrestricted and exclusive copyrights, patent rights, trade secret rights, and all renewals and extensions thereof. Whenever requested by the Contractor, I agree to promptly execute and deliver to Contractor all papers, instruments, and other documents requested by the Contractor, and to promptly perform all other acts requested by the Contractor to carry out the terms of this agreement, including, but not limited to, executing an assignment and transfer of copyright.

I expressly acknowledge and agree that I wish to remain anonymous and not to have my name or any pseudonyms used in connection with any works, goods or services I provide under this agreement or the above referenced Contract.

I acknowledge that violation of this agreement may subject me to all appropriate legal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_/\_\_\_\_/\_\_\_\_

PRINTED NAME: \_\_\_\_\_

POSITION: \_\_\_\_\_

**CONTRACT FOR****SERVICES**

**CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT,  
CONFIDENTIALITY,  
AND COPYRIGHT ASSIGNMENT AGREEMENT**

*(any reference to Copyright Assignment would apply to  
Information Technology Contracts only)*

(Note: This certification is to be executed and returned to County with CONTRACTOR's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

Contractor Name \_\_\_\_\_ Contract No. \_\_\_\_\_

Non-Employee Name \_\_\_\_\_

**GENERAL INFORMATION:**

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Non-Employee Acknowledgement, Confidentiality, and Copyright Assignment Agreement.

**NON-EMPLOYEE ACKNOWLEDGEMENT:**

I understand and agree that the Contractor referenced above has exclusive control for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon the Contractor referenced above for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

**CONFIDENTIALITY AGREEMENT:**

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by the above-referenced Contractor for the County. I have read this agreement and have taken due time to consider it prior to signing.

Initials of Signer \_\_\_\_\_



Contractor Name \_\_\_\_\_ Contract No. \_\_\_\_\_

Non-Employee Name \_\_\_\_\_

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between the above-referenced Contractor and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to the above-referenced Contractor.

Except as permitted under the above-referenced Contract, I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information, and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than the above-referenced Contractor or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me, I shall keep such information confidential.

I agree to report to the above-referenced Contractor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to the above-referenced Contractor upon completion of this contract or termination of my services hereunder, whichever occurs first.

#### COPYRIGHT ASSIGNMENT AGREEMENT

I agree that all materials, documents, software programs and documentation, written designs, plans, diagrams, reports, software development tools and aids, diagnostic aids, computer processable media, source codes, object codes, conversion aids, training documentation and aids, and other information and/or tools of all types, developed or acquired by me in whole or in part pursuant to the above-referenced contract, and all works based thereon, incorporated therein, or derived therefrom are "works for hire," and as such are the sole property of the Contractor, or of County pursuant to the terms of the above-referenced Contract. In this connection, I hereby assign and transfer to the Contractor in perpetuity for all purposes all my right, title, and interest in and to all such items, including, but not limited to, all unrestricted and exclusive copyrights, patent rights, trade secret rights, and all renewals and extensions thereof. Whenever requested by the Contractor, I agree to promptly execute and deliver to Contractor all papers, instruments, and other documents requested by the Contractor, and to promptly perform all other acts requested by the Contractor to carry out the terms of this agreement, including, but not limited to, executing an assignment and transfer of copyright.

I expressly acknowledge and agree that I wish to remain anonymous and not to have my name or any pseudonyms used in connections with any works, goods or services I provide under this agreement or the above referenced Contract.

I acknowledge that violation of this agreement may subject me to all appropriate legal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_/\_\_\_\_/\_\_\_\_

PRINTED NAME: \_\_\_\_\_

POSITION: \_\_\_\_\_

## CONTRACTOR's EEO CERTIFICATION

Affiliated Computer Services Buck Consultants

Contractor Name

1801 Century Park East, Suite 500 Los Angeles, CA 90067

Address

13-3954297

Internal Revenue Service Employer Identification Number

### GENERAL CERTIFICATION

In accordance with Section 4.32.010 of the Code of the County of Los Angeles, the contractor, supplier, or vendor certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

### CONTRACTOR's SPECIFIC CERTIFICATIONS

- |  |   |                             |
|--|---|-----------------------------|
| 1. The Contractor has a written policy statement prohibiting discrimination in all phases of employment.   | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 2. The Contractor periodically conducts a self analysis or utilization analysis of its work force.   | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 3. The Contractor has a system for determining if its employment practices are discriminatory against protected groups.  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 4. Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables. | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

Harold Loeb, Principal

Authorized Official's Printed Name and Title



Authorized Official's Signature

6/16/11

Date

**CERTIFICATION OF COMPLIANCE WITH THE COUNTY'S  
DEFAULTED PROPERTY TAX REDUCTION PROGRAM**

Company Name: Buck Consultants	
Company Address: 1801 Century Park East, Suite 500 Los Angeles,	
City: Los Angeles State: CA	Zip Code: 90067
Telephone Number: 310-226-14540 Email Address: <u>Harold.loeb@buckconsultants.com</u>	
Contract for Cafeteria And Non-Cafeteria Benefit Plans And Absence Management Services:	

The CONTRACTOR certifies that:

- ☒ It is familiar with the terms of the County of Los Angeles Defaulted Property Tax Reduction Program, Los Angeles County Code Chapter 2.206; **AND**

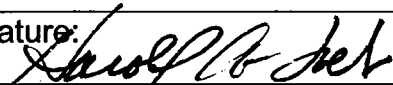
To the best of its knowledge, after a reasonable inquiry, the CONTRACTOR is not in default, as that term is defined in Los Angeles County Code Section 2.206.020.E, on any Los Angeles County property tax obligation; **AND**

The CONTRACTOR agrees to comply with the COUNTY's Defaulted Property Tax Reduction Program during the term of any awarded contract.

**-OR-**

- ☐ I am exempted from the County of Los Angeles Defaulted Property Tax Reduction Program, pursuant to Los Angeles County Code Section 2.206.060, for the following reason:

*I declare under penalty of perjury under the laws of the State of California that the information stated above is true and correct.*

Print Name: Harold Loeb	Title: Principal
Signature: 	Date: 6/16/11

**COUNTY'S ADMINISTRATION****CONTRACT NO.** \_\_\_\_\_**COUNTY CONTRACT ADMINISTRATOR:**

Name: Lisa M. Garrett  
Title: Director of Personnel  
Address: 500 West Temple Street, Room 579  
Los Angeles, CA 90012  
Telephone: 213-974-2406 Facsimile: 213-621-0387  
E-Mail Address: lgarret@hr.lacounty.gov

**COUNTY PROJECT MANAGER:**

Name: Eliza M. Carrillo  
Title: Senior Human Resources Manager  
Address: 3333 Wilshire Boulevard, Suite 1000  
Los Angeles, CA 90010  
Telephone: 213-738-2255 Facsimile: 213-637-0832  
E-Mail Address: ecarrillo@hr.lacounty.gov

**COUNTY CONTRACT PROJECT MONITOR:**

Name: Mary Gilmore  
Title: Principal Analyst, HR  
Address: 3333 Wilshire Boulevard, Suite 1000  
Los Angeles, CA 90010  
Telephone: 213-738-2192 Facsimile: 213-637-0832  
E-Mail Address: mgilmore@hr.lacounty.gov

**CONTRACTOR'S ADMINISTRATION****CONTRACTOR's NAME:** Affiliated Computer Services Inc./Buck Consultant, LLC**CONTRACT NO:** \_\_\_\_\_**CONTRACTOR's PROJECT MANAGER:**

Name: Harold Loeb  
Title: Principal  
Address: 1801 Century Park East, Suite 500 Los Angeles, CA 90067  
Telephone: 310-226-1450  
Facsimile: 310-282-0881  
E-Mail Address: Harold.Loeb@buckconsultants.com

**CONTRACTOR's AUTHORIZED OFFICIAL(S)**

Name: Harold Loeb  
Title: Principal  
Address: 1801 Century Park East, Suite 500 Los Angeles, CA 90067  
Telephone: 310-226-1450  
Facsimile: 310-282-0881  
E-Mail Address: Harold.Loeb@buckconsultants.com

Name: Michael Roberts  
Title: President and Executive Managing Director  
Address: 245 Park Avenue, 23<sup>rd</sup> Floor New York, New York 10167-0002  
Telephone: 212.330-1440  
Facsimile: 212-330-1166  
E-Mail Address: Mike.Roberts@acs-inc.com

**Notices to Contractor shall be sent to the following:**

Name: General Counsel  
Title: Buck Consultants  
Address: 245 Park Avenue, 23<sup>rd</sup> Floor New York, New York 10167-0002  
Telephone: 212-330-1000  
Facsimile: 212-330-1166  
E-Mail Address: karl.lohwater@buckconsultants.com

Title 2 ADMINISTRATION  
Chapter 2.203.010 through 2.203.090  
CONTRACTOR EMPLOYEE JURY SERVICE

**2.203.010 Findings.**

The board of supervisors makes the following findings. The county of Los Angeles allows its permanent, full-time employees unlimited jury service at their regular pay. Unfortunately, many businesses do not offer or are reducing or even eliminating compensation to employees who serve on juries. This creates a potential financial hardship for employees who do not receive their pay when called to jury service, and those employees often seek to be excused from having to serve. Although changes in the court rules make it more difficult to excuse a potential juror on grounds of financial hardship, potential jurors continue to be excused on this basis, especially from longer trials. This reduces the number of potential jurors and increases the burden on those employers, such as the county of Los Angeles, who pay their permanent, full-time employees while on juror duty. For these reasons, the county of Los Angeles has determined that it is appropriate to require that the businesses with which the county contracts possess reasonable jury service policies. (Ord. 2002-0015 § 1 (part), 2002)

**2.203.020 Definitions.**

The following definitions shall be applicable to this chapter:

- A. "Contractor" means a person, partnership, corporation or other entity which has a contract with the county or a subcontract with a county contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more such contracts or subcontracts.
- B. "Employee" means any California resident who is a full-time employee of a contractor under the laws of California.
- C. "Contract" means any agreement to provide goods to, or perform services for or on behalf of, the county but does not include:
  - 1. A contract where the board finds that special circumstances exist that justify a waiver of the requirements of this chapter; or
  - 2. A contract where federal or state law or a condition of a federal or state program mandates the use of a particular contractor; or
  - 3. A purchase made through a state or federal contract; or
  - 4. A monopoly purchase that is exclusive and proprietary to a specific manufacturer, distributor, or reseller, and must match and inter-member with existing supplies, equipment or systems maintained by the county pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-3700 or a successor provision; or
  - 5. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, Section 4.4.0 or a successor provision; or
  - 6. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-2810 or a successor provision; or
  - 7. A non-agreement purchase with a value of less than \$5,000 pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section A-0300 or a successor provision; or
  - 8. A bona fide emergency purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section PP-1100 or a successor provision.

Title 2 ADMINISTRATION  
Chapter 2.203.010 through 2.203.090  
**CONTRACTOR EMPLOYEE JURY SERVICE**

- D. "Full time" means 40 hours or more worked per week, or a lesser number of hours if:
1. The lesser number is a recognized industry standard as determined by the chief administrative officer, or
  2. The contractor has a long-standing practice that defines the lesser number of hours as full time.
- E. "County" means the county of Los Angeles or any public entities for which the board of supervisors is the governing body. (Ord. 2002-0040 § 1, 2002; Ord. 2002-0015 § 1 (part), 2002)

**2.203.030 Applicability.**

This chapter shall apply to contractors who enter into contracts that commence after July 11, 2002. This chapter shall also apply to contractors with existing contracts which are extended into option years that commence after July 11, 2002. Contracts that commence after May 28, 2002, but before July 11, 2002, shall be subject to the provisions of this chapter only if the solicitations for such contracts stated that the chapter would be applicable. (Ord. 2002-0040 § 2, 2002; Ord. 2002-0015 § 1 (part), 2002)

**2.203.040 Contractor Jury Service Policy.**

A contractor shall have and adhere to a written policy that provides that its employees shall receive from the contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with the contractor or that the contractor deduct from the employees' regular pay the fees received for jury service. (Ord. 2002-0015 § 1 (part), 2002)

**2.203.050 Other Provisions.**

- A. Administration. The chief administrative officer shall be responsible for the administration of this chapter. The chief administrative officer may, with the advice of county counsel, issue interpretations of the provisions of this chapter and shall issue written instructions on the implementation and ongoing administration of this chapter. Such instructions may provide for the delegation of functions to other county departments.
- B. Compliance Certification. At the time of seeking a contract, a contractor shall certify to the county that it has and adheres to a policy consistent with this chapter or will have and adhere to such a policy prior to award of the contract. (Ord. 2002-0015 § 1 (part), 2002)

**2.203.060 Enforcement and Remedies.**

For a CONTRACTOR's violation of any provision of this chapter, the county department head responsible for administering the contract may do one or more of the following:

1. Recommend to the board of supervisors the termination of the contract; and/or,
2. Pursuant to chapter 2.202, seek the debarment of the contractor. (Ord. 2002-0015 § 1 (part), 2002)

Title 2 ADMINISTRATION  
Chapter 2.203.010 through 2.203.090  
CONTRACTOR EMPLOYEE JURY SERVICE

**2.203.070. Exceptions.**

- A. Other Laws. This chapter shall not be interpreted or applied to any contractor or to any employee in a manner inconsistent with the laws of the United States or California.
- B. Collective Bargaining Agreements. This chapter shall be superseded by a collective bargaining agreement that expressly so provides.
- C. Small Business. This chapter shall not be applied to any contractor that meets all of the following:
  - 1. Has ten or fewer employees during the contract period; and,
  - 2. Has annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, are less than \$500,000; and,
  - 3. Is not an affiliate or subsidiary of a business dominant in its field of operation.

"Dominant in its field of operation" means having more than ten employees and annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, exceed \$500,000.

"Affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation. (Ord. 2002-0015 § 1 (part), 2002)

**2.203.090. Severability.**

If any provision of this chapter is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. (Ord. 2002-0015 § 1 (part), 2002)



# **EXHIBIT I**

## **SAFELY SURRENDERED BABY LAW**

# *Safely* Surrendered



No Shame. No Blame. No Fear.

In Los Angeles County, 1-877-454-5454 or 213-222-8723

[www.1800safe.org](http://www.1800safe.org)



# Safely Surrendered Baby Law

## What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents or other persons, with lawful custody, which means anyone to whom the parent has given permission to confidentially surrender a baby. As long as the baby is three days (72 hours) of age or younger and has not been abused or neglected, the baby may be surrendered without cause or arrest or prosecution.

In Los Angeles County: 1 877 BABY SAFE 1 877 222 9723  
[www.babysafela.org](http://www.babysafela.org)

## How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially, and safely surrender a baby within three days (72 hours) of birth. The baby must be handed to an employee at a hospital or fire station in Los Angeles County. As long as the baby shows no sign of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, staff will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent or other surrendering adult.

## What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their baby within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

## Can only a parent bring in the baby?

No. While in most cases a parent will bring in the baby, the Law allows other people to bring in the baby if they have lawful custody.

## Does the parent or surrendering adult have to call before bringing in the baby?

No. A parent or surrendering adult can bring in a baby anytime, 24 hours a day, 7 days a week, as long as the parent or surrendering adult surrenders the baby to someone who works at the hospital or fire station.

## Does the parent or surrendering adult have to tell anything to the people taking the baby?

No. However, hospital or fire station personnel will ask the surrendering party to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the baby. The questionnaire includes a stamped return envelope and can be sent in at a later time.

## What happens to the baby?

The baby will be examined and given medical treatment. Upon release from the hospital, social workers immediately place the baby in a safe and loving home and begin the adoption process.

## What happens to the parent or surrendering adult?

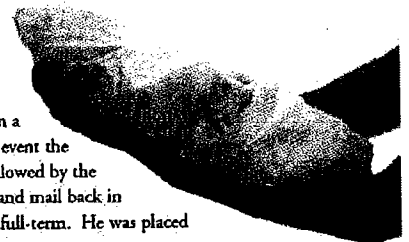
Once the parent or surrendering adult surrenders the baby to hospital or fire station personnel, they may leave at any time.

## Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned, hurt or killed by their parents. You may have heard tragic stories of babies left in dumpsters or public bathrooms. Their parents may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had no one or nowhere to turn for help, they abandoned their babies. Abandoning a baby is illegal and places the baby in extreme danger. Too often, it results in the baby's death. The Safely Surrendered Baby Law prevents this tragedy from ever happening again in California.

## A baby's story

Early in the morning on April 9, 2005, a healthy baby boy was safely surrendered to nurses at Harbor-UCLA Medical Center. The woman who brought the baby to the hospital identified herself as the baby's aunt and stated the baby's mother had asked her to bring the baby to the hospital on her behalf. The aunt was given a bracelet with a number matching the anklet placed on the baby; this would provide some identification in the event the mother changed her mind about surrendering the baby and wished to reclaim the baby in the 14-day period allowed by the Law. The aunt was also provided with a medical questionnaire and said she would have the mother complete and mail back in the stamped return envelope provided. The baby was examined by medical staff and pronounced healthy and full-term. He was placed with a loving family that had been approved to adopt him by the Department of Children and Family Services.



# *Ley de* Entrega de Bebés *Sin Peligro*



*Los recién nacidos pueden ser entregados en forma segura al personal  
de cualquier hospital o cuartel de bomberos del Condado de Los Angeles*

*Sin pena. Sin culpa. Sin nombres.*

En el Condado de Los Angeles: 1-877-9487-2473 • 1-877-222-9723

[www.babyfriendly.org](http://www.babyfriendly.org)



# Ley de Entrega de Bebés Sin Peligro

## ¿Qué es la Ley de Entrega de Bebés sin Peligro?

La Ley de Entrega de Bebés sin Peligro es la Ley que permite a una madre o padre entregar a su recién nacido a un empleado del hospital o cuartel de bomberos del Condado de Los Angeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazalete y el padre/madre o el adulto que lo entregue recibirá un brazalete igual.

## ¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura dentro de los tres días (72 horas) del nacimiento. El bebé debe ser entregado a un empleado de cualquier hospital o cuartel de bomberos del Condado de Los Angeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazalete y el padre/madre o el adulto que lo entregue recibirá un brazalete igual.

## ¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden comenzar el proceso de reclamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Angeles al 1-800-540-4000.

## ¿Sólo los padres podrán llevar al recién nacido?

No. Si bien en la mayoría de los casos son los padres los que llevan al bebé, la ley permite que otras personas lo hagan si tienen custodia legal.

## ¿Los padres o el adulto que entrega al bebé deben llamar antes de llevar al bebé?

No. El padre/madre o adulto puede llevar al bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, siempre y cuando entreguen a su bebé a un empleado del hospital o cuartel de bomberos.

## ¿Es necesario que el padre/madre o adulto diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital o cuartel de bomberos le pedirá a la persona que entregue al bebé que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para cuidar bien del bebé. El cuestionario incluye un sobre con el sello postal pagado para enviarlo en otro momento.

## ¿Qué pasará con el bebé?

El bebé será examinado y le brindarán atención médica. Cuando le den el alta del hospital, los trabajadores sociales inmediatamente ubicarán al bebé en un hogar seguro donde estará bien atendido, y se comenzará el proceso de adopción.

## ¿Qué pasará con el padre/madre o adulto que entregue al bebé?

Una vez que los padres o adulto hayan entregado al bebé al personal del hospital o cuartel de bomberos, pueden irse en cualquier momento.

## ¿Por qué se está haciendo esto en California?

La finalidad de la Ley de Entrega de Bebés sin Peligro es proteger a los bebés para que no sean abandonados, lastimados o muertos por sus padres. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Los padres de esos bebés probablemente hayan estado pasando por dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus bebés porque tenían miedo y no tenían nadie a quien pedir ayuda. El abandono de un recién nacido es ilegal y pone al bebé en una situación de peligro extremo. Muy a menudo el abandono provoca la muerte del bebé. La Ley de Entrega de Bebés sin Peligro impide que vuelva a suceder esta tragedia en California.

*Cada recién nacido se merece la oportunidad de tener una vida saludable. Si alguien que usted conoce está pensando en abandonar a un recién nacido, infórmele que tiene otras opciones. Hasta tres días (72 horas) después del nacimiento, se puede entregar un recién nacido al personal de cualquier hospital o cuartel de bomberos del condado de Los Angeles.*

## Historia de un bebé

A la mañana temprano del día 9 de abril de 2005, se entregó un recién nacido saludable a las enfermeras del Harbor-UCLA Medical Center. La mujer que llevó el recién nacido al hospital se dio a conocer como la tía del bebé, y dijo que la madre le había pedido que llevara al bebé al hospital en su nombre. Le entregaron a la tía un brazalete con un número que coincidía con la pulsera del bebé; esto serviría como identificación en caso de que la madre cambiara de opinión con respecto a la entrega del bebé y decidiera recuperarlo dentro del período de 14 días que permite esta ley. También le dieron a la tía un cuestionario médico, y ella dijo que la madre lo llenaría y lo enviaría de vuelta dentro del sobre con franqueo pagado que le habían dado. El personal médico examinó al bebé y se determinó que estaba saludable y a término. El bebé fue ubicado con una buena familia que ya había sido aprobada para adoptarlo por el Departamento de Servicios para Niños y Familias.

